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CASE No. .....

Supreme Court of the United States

OCTOBER TERM 1983

IN RE WILCO MARSH BUGGIES & DRAGLINES, INC.,
JOHN M. WILSON, SR., DEAN R. WILSON,
AND ROBERT J. WILSON, JR.,

Petitioners.

ON PETITION FOR ISSUANCE OF WRIT OF MANDAMUS AND PROHIBITION TO REQUIRE THE JUDGES OF THE COURT OF APPEALS FOR THE FIFTH CIRCUIT TO STAY WITHIN THE CONFINES OF THEIR APPELLATE JURISDICTION AND TRANSFER APPEAL NO. 82-3619 TO THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION AND BRIEF ON BEHALF OF PETITIONERS

NED L. CONLEY
JEFFREY W. TAYON
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195
Counsel for Petitioners

Of Counsel:
BUTLER & BINION
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3111

QUESTION PRESENTED FOR REVIEW

Whether, after October 1, 1982, the effective date of the Federal Courts Improvement Act of 1982 (hereinafter the "1982 Act"), a regional federal circuit court of appeals such as the United States Court of Appeals for the Fifth Circuit may take jurisdiction of a patent appeal timely filed after the effective date of the 1982 Act contrary to the provisions of 28 U.S.C. § 1295 which vests exclusive jurisdiction over such appeals with the United States Court of Appeals for the Federal Circuit?

PARTIES TO THE PROCEEDING

In addition to the named Petitioners, the parties to this proceeding include the panel of Judges of the Court of Appeals for the Fifth Circuit who refused to transfer Appeal No. 82-3619 to the Court of Appeals for the Federal Circuit contrary to Petitioners' motion, including the Honorable Judges Rubin, Garwood and Jolly, and the Appellees in Appeal No. 82-3619 who include Kori Corporation, Huey J. Rivet and Louis Woodson. Two other corporations are owned by the individual Defendants which are affiliated with, but not owned by, the corporate Defendant. Both corporations are organized and existing under the laws of the State of Louisiana. One is known as Amphibious Equipment Sales Corporation and the other as Dino's Marsh Buggies and Draglines, Inc. Both of these corporations are presently inactive.

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RELATED OPINIONS DELIVERED BELOW

The trial court's interlocutory decision finding the patent valid and infringed and granting injunctive relief, and a final decision determining and awarding damages, is reported as *Kori Corp.* v. *Wilco Marsh Buggies & Draglines, Inc.*, 561 F. Supp. 512 (E.D. La. 1982). (A. 39)* The Court of Appeals for the Fifth Circuit's decision and opinion affirming the trial court's interlocutory decision on patent validity and infringement and grant of injunctive relief is reported at 708 F.2d 151 (June 27, 1983). (A. 62) The appeal which Petitioners seek to have transferred to the Court of Appeals for the Federal Circuit, Appeal No. 82–3619, is taken from the trial court's final decision of August 30, 1982 (561 F. Supp. 512) assessing and awarding damages against Petitioners for patent infringement.

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* Letter "A" refers to the Appendix which contains materials essential and helpful to an understanding of this petition.

THE SUPREME COURT'S JURISDICTION

On September 2, 1983, the United States Court of Appeals for the Fifth Circuit (hereinafter the "Fifth Circuit") denied your Petitioners' motion to transfer Appeal No. 82-3619, pursuant to 28 U.S.C. § 1631, to the United States Court of Appeals for the Federal Circuit (hereinafter the "CAFC"). Because the CAFC has exclusive jurisdiction under 28 U.S.C. § 1295 over all patent appeals filed after October 1, 1982 where the trial court's jurisdiction was based in whole or in part upon 28 U.S.C. § 1338, as here, the Fifth Circuit does not have jurisdiction to retain and determine the instant appeal. Pursuant to authority under the All Writs Act, 28 U.S.C. § 1651, the Supreme Court of the United States has jurisdiction to order the Fifth Circuit to transfer Appeal No. 82-3619 to the CAFC, and to refrain from further consideration of this appeal.

STATUTES AND RULES IN ISSUE

The following statutes and rules are in issue and, due to their length, are included pursuant to Supreme Court Rule 21 in the Appendix (A. 223):

1. 28 U.S.C. § 1291 (1958)
2. 28 U.S.C. § 1291 (1982)
3. 28 U.S.C. § 1292 (1958)
4. 28 U.S.C. § 1292 (1982)
5. 28 U.S.C. § 1295 (1982)
6. 28 U.S.C. § 1338
7. 28 U.S.C. § 1631
8. 28 U.S.C. § 1651
9. 28 U.S.C. § 2107
10. Rules 1-4 of the Federal Rules of Appellate Procedure.
11. Rule 10 of the United States Court of Appeals for the Federal Circuit.
12. Rules 1–4 of the United States Court of Appeals for the Fifth Circuit.
13. Federal Courts Improvement Act of 1982 § 402, entitled "Effective Date" and § 403 entitled "Effect On Pending Cases", 96 Stat. 57-58.

CASE No. .....

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PETITION AND BRIEF ON BEHALF OF PETITIONERS

I.

STATEMENT OF THE CASE

On September 20, 1979, Huey J. Rivet, the patentee of United States Letters Patent No. 3,842,785 (A. 216), Louis Woodson, the exclusive licensee under the patent, and the Kori Corporation, a nonexclusive licensee under the patent, joined as Plaintiffs and filed a complaint in the United States District Court for the Eastern District of Louisiana (hereinafter the "trial court") for patent infringement seeking injunctive and monetary relief against Wilco Marsh Buggies and Draglines, Inc., John M. Wilson, Sr., Dean R. Wilson and Robert J. Wilson, Jr., as Defendants, the Petitioners before this Court.[1] 561 F.

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[1] These Defendants are also the Appellants in the second appeal, No. 82-3619 which is the appeal in issue. The Defendants/Appellants/Petitioners will, hereinafter, be referred to as the "Petitioners".

Supp. at 514. (A. 41) The trial court's jurisdiction was based upon 28 U.S.C. § 1338. 561 F. Supp. at 520. Adopting a bifurcated format, the trial court first entered an interlocutory decision on December 11, 1981, finding the '785 patent valid and infringed and granting injunctive relief. This decision was appealed to the Fifth Circuit pursuant to the jurisdictional statutes extant at that time, 28 U.S.C. § 1292(a)(1) and (a)(4) (1958).[2] The Fifth Circuit affirmed these interlocutory decisions on June 27, 1983. 708 F.2d 151.

Meanwhile, during the pendency of that first appeal, because the Petitioners were unable to post a bond pursuant to Rule 62(c) of the Federal Rules of Civil Procedure (hereinafter "FRCP"), trial was resumed to assess and award damages. A final decision awarding damages was rendered on August 30, 1982. 561 F. Supp. 512. (A. 39) Petitioners filed a timely motion for new trial which was overruled on October 12, 1982. Thereafter, on October 13, 1982, Petitioners filed a timely notice of appeal. *See* 28 U.S.C. § 2107. However, contrary to the provisions of Rule 3(c) of the Federal Rules of Appellate Procedure (hereinafter the "FRAP"), Petitioners erroneously indicated that Appeal No. 82-3619, the second appeal, was to be taken to the Fifth Circuit instead of the CAFC. In due course, the record was transmitted to the Fifth Circuit, Petitioners' main brief was filed and Plaintiffs'/Appellees' brief was filed. Plaintiffs/Appellees recognized the problem of having this appeal determined by the Fifth Circuit and, as a preface to their brief, made the following statement:

> This appeal was docketed on October 18, 1982. 28 U.S.C. § 1295 states that all patent appeals docketed after October

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[2] Pursuant to the Federal Courts Improvement Act of 1982, 28 U.S.C. § 1292 was amended to essentially provide that appeals from interlocutory decisions on patent validity and infringement and from entry of interlocutory orders of trial courts granting injunctions in patent cases shall, as of October 1, 1982, the effective date of the 1982 Act, be heard exclusively in the newly created United States Court of Appeals for the Federal Circuit. 28 U.S.C. § 1292(c) (1982).

1, 1982 should be filed in the Court of Appeals for the Federal Circuit ("C.A.F.C."). However, the C.A.F.C. has advised the appellees that an exception exists for accounting trials if an Appellate Court already has jurisdiction over the validity and infringement phase of the litigation. For that reason, the Court of Appeals for the Federal Circuit has advised the appellees that the Fifth Circuit Court of Appeals has jurisdiction over this accounting appeal. This exception would make sense since the matter has been decided using Fifth Circuit law, and because the judges of the Fifth Circuit are intimately familiar with the case after having rendered the related validity and infringement decision between the same parties in *Kori* v. *Wilco Marsh Buggies & Draglines, et al*, Appeal No. 82-3004, decision published June 27, 1983 affirming the validity and infringement of the Rivet patent.

Thereafter, in late July of 1983, Petitioners released their former counsel, Mr. Nathan Greenberg, who was not a patent attorney, and retained Mr. Ned L. Conley, the present attorney of record, who is a patent attorney. Realizing that an error had been committed in naming the Fifth Circuit in the notice of appeal as the court to which appeal was to be taken, Petitioners, on July 28, 1983, filed a motion to transfer Appeal No. 82-3619 to the CAFC pursuant to 28 U.S.C. § 1631 (1982). (A. 7) However, on September 2, 1983, believing that the Fifth Circuit possessed jurisdiction to consider this appeal, a panel of Judges of the Fifth Circuit, including the Honorable Judge Rubin, Judge Garwood and Judge Jolly, denied Petitioners' motion to transfer. (A. 1) Because exclusive jurisdiction over all patent appeals was vested by Congress with the CAFC in all instances where a notice of appeal is filed after October 1, 1982, as here, Petitioners filed this Petition seeking issuance of a writ of mandamus to require the Fifth Circuit to transfer this appeal to the CAFC pursuant to 28 U.S.C. § 1631, and a writ of prohibition to prevent the Fifth Circuit from further consideration of this appeal beyond the limits of the statutory jurisdiction set forth in 28 U.S.C. §§ 1291, 1292 and 1295 (1982). *See* 28 U.S.C. § 1651.

II.

THE CAFC, AND NOT THE FIFTH CIRCUIT, HAS JURISDICTION OVER APPEAL NO. 82-3619

A. Petitioners' Position

Petitioners' position is simple. Effective October 1, 1982, a new federal circuit court of appeals was created known as the United States Court of Appeals for the Federal Circuit, the CAFC. Congress granted exclusive jurisdiction over all patent appeals, *i.e.*, appeals from federal district courts where the district court's jurisdiction was based in whole or in part on 28 U.S.C. § 1338, to the CAFC. 28 U.S.C. §§ 1292(c), 1295 (1982). The triggering event for CAFC jurisdiction is the filing of a notice of appeal after the effective date of the 1982 Act. Federal Courts Improvement Act of 1982 §§ 402, 403(e), 96 Stat. 57-58. (A. 223) Because the notice of appeal in Appeal No. 82-3619 was filed after October 1, 1982, the CAFC and not the Fifth Circuit has exclusive jurisdiction over this appeal.

B. Fifth Circuit's Position

The Fifth Circuit's position is more subtle. When denying Petitioners' motion to transfer, the Fifth Circuit focused on a limited exception to the effective date of the 1982 Act for pending appeals, Section § 403(e) of the implementing legislation, and concluded:

> . . . that "case" as used in section 403(e) of Public Law 97-164 refers to the case, or judicial unit, pending in the district court, and that in this instance there was but one such case, namely, Civil Action No. 79-3636 in the United States District Court for the Eastern District of Louisiana. Notice of appeal in that case, which brought forward for appellate review the controlling issues of patent validity and infringement by defendants-appellees, was filed in December 1981, well before the effective date of Public Law 97-164, and those issues have been resolved by this Court's prior opinion herein. We observe that in the present appeal [Appeal No. 82-3619], appellants' contentions appear to involve, *inter alia*, questions of the scope of the infringement as applied to

> various products, thus potentially implicating the scope of our prior decision herein. Up until this point all parties obviously proceeded on the assumption that this Court had jurisdiction and that the accounting "tail" did not wag the dog. We believe that assumption was correct. Appellants' motion is DENIED.

(Bracketed material added)(A. 5-6).

Simply stated, the Fifth Circuit interprets § 403(e) to mean that if any notice of appeal has been filed prior to October 1, 1982 seeking review of an earlier interlocutory decision by a district court, then the respective regional circuit court of appeals retains exclusive jurisdiction over all appeals from future interlocutory and final decisions to be rendered by that district court after the effective date of the 1982 Act if the prior appeal decided "controlling issues" or if the "scope" of the decision in the prior appeal may "potentially" be implicated by the future appeal. Petitioners respectfully disagree. At this point, some background is necessary.

C. Background

Patent proceedings before district courts are frequently bifurcated: one interlocutory decision is rendered on validity and infringement which, as here, may result in issuance of an interlocutory grant of an injunction against further infringement, and one final decision is rendered assessing and awarding damages. All of the latter decisions are appealable. Under the former law, the interlocutory decision on patent validity and infringement was immediately appealable under 28 U.S.C. § 1292(a)(4) (1958), the interlocutory decision granting an injunction was immediately appealable under 28 U.S.C. § 1292(a)(1) (1958) and the final decision was appealable under 28 U.S.C. § 1291 (1958) to the respective regional circuit court of appeals. After October 1, 1982, the effective date of the 1982 Act, the indicated interlocutory decisions are immediately appealable under 28 U.S.C. § 1292(c) (1982) and the final decision is appealable under 28 U.S.C. § 1295 (1982) to the CAFC.

As referenced above by the Fifth Circuit, an interlocutory decision on validity and infringement and an interlocutory decision granting an injunction were issued in December of 1981. Those decisions were appealed to the Fifth Circuit and the Fifth Circuit opinion affirming those decisions is published at 708 F.2d 151 (June 27, 1983). (A. 62) Neither of those two decisions nor the issues raised in those decisions are now being raised in Appeal No. 82-3619. Petitioners are not attempting to collaterally attack or obtain a collateral review of the prior Fifth Circuit opinion. The final decision assessing and awarding damages was rendered in August of 1982. After denial of a motion for new trial and because Petitioners disagreed with the trial court's method of assessing damages, a timely notice of appeal from that decision was filed on October 13, 1982. This is Appeal No. 82-3619 which Petitioners seek to have transferred to the CAFC.

D. Analysis

There can be no dispute that only one appellate court — either the Fifth Circuit or the CAFC — has exclusive jurisdiction over this appeal. Prior to the effective date of the 1982 Act, patent appeals from district courts were taken to the respective regional federal circuit court of appeals; the CAFC was not in existence. *See* 28 U.S.C. §§ 1291, 1292 (1958). After the effective date of the 1982 Act, the CAFC came into being and was given *exclusive* subject matter jurisdiction over all patent appeals from all decisions by district courts. *See* 28 U.S.C. §§ 1292, 1295 (1982).

Resolution of the controversy, therefore, between Petitioners and Respondents depends upon the effective date of the 1982 Act. The effective date of the 1982 Act which is set forth in Sections 402 and 403 of the implementing legislation. 96 Stat. 57-58. Section 402 plainly states that the 1982 Act takes effect on October 1, 1982. The only exception to the effective date for patent appeals pending in regional circuit courts of appeals, is for appeals in which a notice of appeal has been filed prior to the effective date of the 1982 Act. *See* § 403(e). The plain meaning

of this implementing legislation is that for all patent appeals in which a notice of appeal is filed after the effective date of the 1982 Act, such appeals are governed by the provisions of the 1982 Act and fall within the exclusive jurisdiction of the CAFC. Further, all factors which bear on a reading of the intent of Congress support Petitioners' position that the CAFC, and only the CAFC, has jurisdiction over patent appeals filed after October 1, 1982. These factors include the statements contained in the Senate and House Committee Reports accompanying the 1982 Act which caution the regional circuit courts of appeals and the CAFC to strictly construe their respective jurisdictions and which set forth the objectives of Congress when enacting the legislation.

1. Plain Meaning

Section 402 of the implementing legislation (96 Stat. 57) is straightforward and provides that the 1982 Act shall take effect on October 1, 1982.[3] Absent any other provisions, all appeals pending in the regional federal circuit courts of appeals in whatever form and at whatever point in the proceedings which would fall within the exclusive jurisdiction of the CAFC (28 U.S.C. § 1295) (1982) would be required to be immediately transferred to the CAFC. However, in the interest of providing "for the orderly disposition of cases pending on the effective date of the bill," Congress enacted Section 403 of the implementing legislation. Senate Report No. 97-175, 97th Cong. 2nd Sess., 1982 U.S. Code Cong. & Adm. News 11, 41 (A. 97). This section sets forth certain limited exceptions to the effective date of the 1982 Act for pending appeals. Subsection (e) of § 403 is the only exception applicable to appeals pending before the regional

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[3] Section 402 (96 Stat. 57) provides as follows:

EFFECTIVE DATE

Sec. 402. Unless otherwise specified, the provisions of this Act shall take effect on October 1, 1982.

circuit courts of appeals.[4] That exception plainly refers to pending appeals and indicates that if a notice of appeal has been filed before the effective date of the 1982 Act, then that appeal "shall be decided by the court of appeals to which *the* appeal was taken." (Emphasis supplied.) Absent filing a notice of appeal for the appeal in issue to a regional circuit court of appeals prior to October 1, 1982, there is no other exception to the effective date of the 1982 Act. As a result, because there is no exception to Section 402 for appeals in which a notice of appeal has been filed after the effective date of the 1982 Act, such an appeal must, under Section 402, be decided by the CAFC.

As explained by the Committee Report issued by the House of Representatives, these implementing provisions relating to pending cases are "fairly detailed because it is the view of the Committee that ambiguities as to effect on pending cases ought to be reduced to a minimum." House Report No. 97-312, 97th Cong. 1st Sess. (1981), p. 50. (A. 186) From the Petitioner's perspective, there are no ambiguities. The only factor to be considered is when the notice of appeal is filed. If after October 1, 1982, then the CAFC has exclusive jurisdiction. The test for jurisdiction begins and ends with this single inquiry. However, if the Fifth Circuit's position is upheld, serious ambiguities will result. Applying the Fifth Circuit's test as quoted above, the date of filing the notice of appeal is the first of many inquiries. The potential appellant would also have to consider factors such as: whether the "controlling issues" had been previously decided in a prior appeal to a regional circuit court of appeals? Whether the "scope" of a prior appellate decision would "potentially" be implicated in the pending appeal? And, whether the case before

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[4] Section 403 (96 Stat. 57-58) provides, in pertinent part, as follows:

EFFECT ON PENDING CASES

* * *

(e) Any case in which a notice of appeal has been filed in a district court of the United States prior to the effective date of this Act shall be decided by the court of appeals to which the appeal was taken.

the district court is part of the same "judicial unit"? If Congress had intended such a complex analysis, certainly Congress would have so stated.

According to the Fifth Circuit, Congress intended a subtle and complex interpretation of the term "case." To the Fifth Circuit, "case", as used in subsection (e), broadly "refers to the case, or judicial unit, pending in the district court," and not more narrowly to a specific appeal pending before the effective date of the 1982 Act. The Fifth Circuit's construction, of course, would give regional circuit courts of appeals jurisdiction over all appeals which are now pending before the CAFC or which might be filed in the future if, at some time prior to the effective date of the 1982 Act, an appeal of some sort — though not presently in issue — had been filed over some aspect of the case. Presumably, this would include prior appeals which had been taken on such interlocutory matters as decisions on motions for summary judgment certified and decided by the regional appellate court perhaps years before the effective date of the 1982 Act, decisions on preliminary and, as here, permanent injunctions, and decisions, as here, on questions of patent validity and infringement. Certainly, if such a large number of exceptions were intended by Congress to the effective date of the 1982 Act, those exceptions would have been clearly and affirmatively set out.[5] This is especially true here where Congress expressly stated that it wished to avoid "ambiguities."

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[5] *Query*: Do the regional circuit courts of appeals become trial courts under the Fifth Circuit's interpretation of Section 403(e)? Section 403(e) states that "Any case in which a notice of appeal has been filed . . . prior to the effective date of this Act shall be decided by the court of appeals to which the appeal was taken." By interpreting "case" to mean any matter "pending in the district court" instead of any appeal pending before the effective date of the 1982 Act, the Fifth Circuit's construction would also, literally, make the regional circuit courts of appeals trial courts for all such remaining matters "pending in the district court."

Query: Does the Fifth Circuit's position eliminate the need for filing a second notice of appeal? Section 2107 of Title 28 requires that a notice of appeal from an appealable decision by a district court be

2. Subject Matter Jurisdiction Must Be Strictly Construed

In order to expand the otherwise limited exception to the 1982 Act's transfer of exclusive jurisdiction over patent appeals to the CAFC, the Fifth Circuit has broadly construed the term "case" in Section 403(e). This broad construction of the Fifth Circuit's jurisdiction is directly contrary to the directives set forth by Congress in both the House and Senate Committee Reports, instructing the circuit courts of appeals not to infer jurisdiction argumentatively but to strictly construe their respective jurisdictions. Those reports make the following statements:

> Section 127(a) of the Act adds a new section 1295 to chapter 83 of title 28, United States Code.
>
> Before discussing the court's jurisdiction, it needs repetition here that the Federal courts are courts of limited jurisdiction. There is no presumption in favor of jurisdiction, and the basis for jurisdiction always must be affirmatively shown. It is not sufficient that jurisdiction merely be inferred argumentatively, *See e.g., Hanford* v. *Davies* 163 U.S. 273 (1896). *Thomas* v. *Board of Trustees of Ohio State Univ.*, 195 U.S. 207 (1904).
>
> * * * *
>
> An analysis of pertinent case law reveals that both the Court of Claims and the Court of Customs and Patent Appeals have strictly construed their own jurisdiction. They have not allowed inferential and unwarranted increases to their own respective jurisdictions. *See e.g., Eastport S.S. Corporation* v. *United States*, 178 CT. CL. 559, 372 F.2d 1002 (1967); *Somali Development Bank* v. *United States*, 705 Ct. Cl. 741, 508 F.2d 817 (1974); *United States* v. *Boe*, 543 F.2d 151 (C.C.P.C. 1976); and *Godtfredsen* v. *Banner*, 598 F.2d 589 (C.C.P.A. 1979). In the rare instance that one

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filed within thirty days of entry of that decision. If the Fifth Circuit's view is correct that once a notice of appeal has been filed over one interlocutory aspect of a case "pending in the district court," the Fifth Circuit retains jurisdiction over all other decisions rendered by the district court, then the statutory requirement for filing a notice of appeal would be eliminated for appeals over other decisions to be rendered in the future by the district court.

> of these courts has mistakenly construed its own jurisdictional grant, the Supreme Court has not hesitated to reverse and remand. *See e.g. United States* v. *Testan*, 424 U.S. 392 (1976); *United States* v. *King*, 395 U.S. 1 (1969).

Senate Report No. 97-275, 97th Cong. 2nd Sess., 1982 U.S. Code Cong. & Adm. News 11, 28-29; House Report No. 97-312, 97th Cong. 1st Sess., p. 40 (1981) (A. 114-15, 176).

> As stated above, it is a canon of construction that courts strictly construe their jurisdiction. Therefore, the committee is confident that the present language will not pose undue difficulties.
>
> The Committee is concerned that the exclusive jurisdiction over patent claims of the new Federal Circuit not be manipulated. This measure is intended to alleviate the serious problems of forum shopping among the regional courts of appeals on patent claims by investing jurisdiction in one court of appeals. It is not intended to create forum shopping opportunities between the Federal Circuit and the regional courts of appeals on other claims.

Senate Report No. 97-275, 97th Cong. 2nd Sess., 1982 U.S. Code Cong. & Adm. News 11, 29-30 (A. 115-116).

> The Committee intends for the jurisdictional language to be construed in accordance with the objectives of the Act and these concerns.

Id. at 30 (A. 116).

The Supreme Court's opinion in the *Hanford* case cited by Congress, *supra*, states:

> It is well settled that, as the jurisdiction of a circuit court of the United States is limited in the sense that it has no other jurisdiction than that conferred by the Constitution and laws of the United States, the presumption is that a cause is without its jurisdiction unless the contrary affirmatively appears; and that it is not sufficient that jurisdiction may be inferred argumentatively from averments in the pleadings, but the averments should be positive. . . . [T]he essential facts averred must show, not by inference or argumentatively, but clearly and distinctly, that the suit is one of which the circuit court is entitled to take cognizance.

163 U.S. at 279-80.

In the *Thomas* case cited by Congress, *supra*, the Court also states:

> That the jurisdiction of a circuit court of the United States is limited in the sense that it has no jurisdiction except that conferred by the Constitution and laws of the United States; that a cause is presumed to be without jurisdiction unless the contrary affirmatively appears; that such jurisdiction, of the facts upon which, in legal intendment, it rests, must be distinctly and positively averred in the pleadings, or should appear affirmatively and with equal distinctness in other parts of the record, it not being sufficient that jurisdiction may be inferred argumentatively: . . . are propositions so firmly established that further discussion of them would be both useless and inappropriate.

195 U.S. at 210.

From the statements made in the Committee Reports and the Supreme Court cases cited by Congress as examples of the results that Congress sought to achieve, Congress has clearly indicated that the statutory grants of and limits on the jurisdiction of the circuit courts of appeals affected by the 1982 Act are to be strictly construed and not expanded through judicial fiat. Contrary to these congressional directives, the Fifth Circuit has refused to follow this canon of strict construction. Accordingly, the Fifth Circuit should be ordered to comply with the mandate issued by Congress and limit its jurisdiction under Section 403(e) of the 1982 Act to appeals pending prior to October 1, 1982.

3. Jurisdiction Must Be Determined to Best Effectuate the Objectives Stated by Congress

In the Committee Reports, Congress stated that its objectives in enacting the 1982 Act, creating the CAFC and endowing that court with exclusive jurisdiction over all patent appeals were to eliminate forum shopping and enhance doctrinal stability of the patent laws.[6] According to Congress, forum shopping between

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[6] House Committee Report No. 97-312, 97th Cong. 1st Sess., at 20-

federal circuit courts of appeals demeans the entire judicial system and is a disincentive to business and research. By promoting doctrinal stability, Congress believes that the economy and industry of the United States will be stimulated and improved.

This decision by the Fifth Circuit will operate to defeat Congress' objectives and delay the effective date of the 1982 Act by years. Patent litigation is frequently protracted and extensive. The present case spanning more than four years is an example of an otherwise promptly resolved patent infringement action. Plaintiffs filed suit on September 20, 1979. The trial court's interlocutory decision finding the patent valid and infringed and granting injunctive relief was rendered on December 11, 1981. The Fifth Circuit affirmed this decision on June 27, 1983. The damages decision was rendered on August 30, 1982. Appeal No. 82–3619 from that decision is now ready for oral argument. However, from the litany of events, it is apparent that many other cases will be affected by this Court's decision which were pending prior to October 1, 1982, and are in varying stages of resolution.[7]

So long as regional circuit courts of appeals continue to retain jurisdiction over appeals filed after the effective date of the 1982 Act and continue to render decisions in those appeals, the objectives of Congress will, quite obviously, be defeated. Further, any decisions rendered by these regional circuit courts of appeals will have no precedential value because they are not binding on the CAFC and will simply act as a drain on resources of the regional circuit courts. *See South Corp.* v. *United States*, 690 F.2d 1368, 215 USPQ 657 (CAFC 1982) (In banc opinion holding that case law of the former CCPA and Appellate Division of Court of Claims will provide precedents for the CAFC).

23, Section subtitled "*The Need for Increased Uniformity in Patent Law* (A. 156-59); Senate Committee Report No. 97-275, 97th Cong. 2nd Sess., 1982 U.S. Code Cong. & Adm. News 11, 15-16 (A. 156-59, 101-02).

[7] *See* Section II, E, *infra*, entitled "Adverse Impact on Pending and Decided Cases."

E. Adverse Impact on Pending and Decided Cases

It is axiomatic that the lack of subject matter jurisdiction of a federal court cannot be waived, but can be asserted as grounds for dismissal at any point in the proceedings either directly in the course of those proceedings or collaterally to bar enforcement of an otherwise proper judgment. *Thomas* v. *Board of Trustees of Ohio State University*, *supra*, 195 U.S. at 211, 213; *Hanford* v. *Davis*, *supra*, 163 U.S. at 279-80. The Fifth Circuit decision, therefore, places Petitioners in a "catch 22" position. Petitioners are confident that a reversal and remand of the trial court's decision assessing and awarding damages is in order based upon fundamental patent law precepts. (A. 68) However, if a reversal and remand is obtained from the Fifth Circuit, that decision, entered without jurisdiction, will have no impact on the otherwise final judgment of the trial court. At the same time, because the time for filing a new notice of appeal has lapsed, Petitioners will be denied their right to appeal to the CAFC. *See Donovan* v. *Richland County Assoc. for Retarded Citizens*, 454 U.S. 389 (1982) (appeal as of right from district court's decision holding statute unconstitutional was to the Supreme Court; Ninth Circuit was without jurisdiction to consider and time to appeal to Supreme Court had lapsed; appeal dismissed); *United States* v. *Wickland*, 619 F.2d 75 (TECA 1980) (under similar circumstances, the Temporary Emergency Court of Appeals determined that the appeal was not timely); *Citronelle Mobile Gathering, Inc.* v. *Gulf Oil Corp.*, 591 F.2d 711 (TECA), *cert. denied* 444 U.S. 879 (1979).

Several other cases either pending before the CAFC or decided by the CAFC presenting factual scenarios which will be impacted by the Fifth Circuit's view of jurisdiction under the 1982 Act are set out below. In each of these cases, if the Fifth Circuit's view is correct, the decisions rendered or to be rendered by the CAFC have been or will be rendered by a court without subject matter jurisdiction.

Three appeals decided by the CAFC and one appeal pending before the CAFC involve bifurcated proceedings which, for

jurisdictional purposes, are identical to those underlying Appeal No. 82-3619. In each of these appeals, a first decision was rendered by a district court finding a patent in issue valid and infringed, which decision was affirmed on appeal to a regional circuit court of appeals and a second decision was rendered by the district court on damages, which second decision was appealed after the effective date of the 1982 Act to the CAFC. The appeals from the damages decisions decided by the CAFC include *Bandag, Inc.* v. *Gerrard Tire Co.*, 704 F.2d 1578, 217 USPQ 977 (CAFC 1983); *Lam, Inc.* v. *Johns-Manville Corp.*, (CAFC Appeal No. 83-776; Slip opinion dated September 30, 1983); and *Hanson* v. *Alpine Valley Ski Area, Inc.*, (CAFC Appeal No. 83-586; Slip opinion dated October 6, 1983). The appeal pending before the CAFC is *Central Soya Co.* v. *Geo. A. Hormel & Co.*, (CAFC Appeal No. 83-978).[8]

In *Bandag*, suit for patent infringement was filed on August 6, 1980. A preliminary injunction against further infringement was entered on October 31, 1980, and a permanent injunction after trial on the validity and infringement issues was entered on August 3, 1981. That decision was appealed to the Court of Appeals for the Fourth Circuit and was affirmed by the Fourth Circuit on February 10, 1982. An unpublished decision on damages was rendered by the trial court on October 15, 1982. Faulting the trial court's assessment of damages, an appeal was taken to the CAFC on the damages decision. Apparently satisfied that it had jurisdiction, the CAFC reversed and remanded the trial court's decision on damages on April 18, 1983. Under the Fifth Circuit's view, because the "controlling issues" of

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[8] A Federal court, of course, has a duty, on motion or sua sponte, to determine the limits of its subject matter jurisdiction. Contrary to the information received by Plaintiffs/Appellees and quoted by Petitioners in Section I entitled "Statement of the Case," *supra* (recited as a preface to their brief to the Fifth Circuit), that the CAFC believes that the Fifth Circuit should retain jurisdiction, the CAFC, as indicated, has retained and exercised jurisdiction in four cases which, for jurisdictional purposes, are identical to Appeal No. 82-3619.

patent validity and infringement were decided by the Fourth Circuit, the CAFC was without subject matter jurisdiction to decide this appeal. Further, because the time for appeal to the CAFC has lapsed, the erroneous district court decision, applying the Fifth Circuit's analysis, must be permitted to stand.

Similarly, in *Lam*, the Court of Appeals for the Tenth Circuit had previously affirmed a decision by the district court for the District of Colorado finding a patent valid and infringed (668 F.2d 462 (10th Cir.), *cert. denied*, 456 U.S. 1007 (1982)), and in *Hanson*, the Court of Appeals for the Sixth Circuit had previously affirmed a decision by the district court for the Eastern District of Michigan finding a patent valid and infringed (611 F.2d 156 (6th Cir. 1979)). Upon review of the respective district court decisions assessing and awarding damages, the CAFC affirmed-in-part and reversed-in-part the decision in *Lam* and affirmed the decision in *Hanson*. As explained with *Bandag*, under the Fifth Circuit view, both of these CAFC decisions were void due to a lack of subject matter jurisdiction by the CAFC to consider these appeals.

The *Central Soya* appeal is presently pending before the CAFC. In that case, the first decision by the district court for the Western District of Oklahoma finding the patent valid and infringed was rendered in 1979 (reported at 205 USPQ 431) and affirmed by the Court of Appeals for the Tenth Circuit in 1981 (reported at 645 F.2d 847). The present appeal before the CAFC is seeking review of the district court's decision entered on April 8, 1983 assessing and awarding damages. As in the three cases decided by the CAFC and described above, if the Fifth Circuit's position is correct, then the CAFC has no jurisdiction to consider the appeal.

A similar bifurcated proceeding was involved in *Smith International, Inc.* v. *Hughes Tool Co.*, (CAFC Appeal No. 83-677; Slip opinion dated October 6, 1983). In *Smith*, the Court of Appeals for the Ninth Circuit reversed a decision by the district court for the Central District of California, and held that the patents in issue were valid and remanded for entry of

appropriate relief. On remand, Hughes moved for entry of judgment in its favor and a preliminary injunction on the basis that Smith had earlier admitted infringement. The district court, in an order dated October 6, 1982, refused to enter a preliminary injunction and Hughes appealed to the CAFC. Apparently satisfied that it had jurisdiction, the CAFC reversed the district court's decision with instructions to issue the preliminary injunction. Applying the Fifth Circuit's analysis, however, the CAFC was without jurisdiction to order this relief because the "controlling issue" of validity had been decided by the Ninth Circuit in an earlier appeal filed before the effective date of the 1982 Act.

Two other cases present similar questions. *Stevenson* v. *Sears, Roebuck & Co.*, 713 F.2d 705, 218 USPQ 969 (CAFC 1983); and *Mississippi Chemical Corp.* v. *Swift Agricultural Chemicals Corp.*, (CAFC Appeal No. 83-7661; Slip opinion dated September 23, 1983) are cases decided on appeal by the CAFC from district court decisions either granting or denying motions for summary judgment based upon collateral decisions rendered by regional circuit courts of appeals finding the patents in issue invalid. *See Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation*, 402 U.S. 313 (1971) (holding that once a patent is held invalid in one court after a full and fair opportunity to litigate validity, the patentee will be collaterally estopped from relitigating the validity issue). By definition, the "scope" of the prior decision is implicated in the collateral proceeding when determining whether to apply collateral estoppel. Under the Fifth Circuit's analysis, the CAFC would appear to be without jurisdiction to make this determination.

In both *Textron, Inc.* v. *Omark Industries, Inc.*, (CAFC Appeal No. 83-995) and *Piher International Corp.* v. *CTS Corp.*, (CAFC Appeal Nos. 83-2229, 1120, 1146, 1147), motions under FRCP Rule 60 to alter prior decisions rendered by district courts and affirmed by the Court of Appeals for the Ninth and Seventh Circuits, respectively, were denied by the district courts and have been appealed to the CAFC. In *Textron,*

the patent in issue was found valid and infringed and an injunction was granted by the district court for the District of Oregon on July 30, 1979. That prior decision was affirmed on appeal to the Ninth Circuit on September 27, 1982. Thereafter, the defendants filed a Rule 60 motion to reopen the earlier decision on validity and infringement due to newly discovered evidence. The same district court denied that motion on April 4, 1983 and appeal was taken to the CAFC. That appeal is presently pending. In *Piher*, a number of prior decisions have been rendered by the Seventh Circuit and are reported at 527 F.2d 45 (1975), 593 F.2d 777 (1979) and 644 F.2d 122 (1981). A FRCP Rule 60(b)(6) motion to modify a related district court decision was denied in *Piher* and an appeal from that denial is now pending before the CAFC. Certainly, in both instances, "controlling issues" have been decided by regional circuit courts and the "scope" of those decisions may be implicated during proceedings before the CAFC. Under the Fifth Circuit's approach, the CAFC would not have jurisdiction over either of these appeals.

Relying on an earlier decision by the Fifth Circuit in *Ziegler* v. *Phillips Petroleum Co.*, 483 F.2d 858, *cert. denied*, 414 U.S. 1079 (1973), holding a certain patent valid and infringed, two other district courts have found the same patent valid and infringed. In *Studiengesellschaft Kohle, mbH* v. *Dart Industries, Inc.*, (CAFC Appeal No. 83-591), the district court for the District of Delaware entered its decision on November 3, 1982. Appellant's brief at page 3 makes the following statement:

> "The record and history which has moved Dart to believe the Fifth Circuit's decision was wrong and to seek a judicial evaluation by this Court, are noted below."

From this statement, it is quite apparent that the scope of the earlier Fifth Circuit decision is in issue. In *Arco Polymers, Inc.* v. *Studiengesellschaft Kohle & Max-Planck Institut For Kohlenforschung*, (CAFC Appeal No. 83-642), the district court for the Eastern District of Pennsylvania granted summary judgment to the holders of the patent on the basis of res judicata, relying on the earlier Fifth Circuit decision since Arco had

purchased the infringing plant from Phillips Petroleum, whose operation at the plant had been held to infringe in the earlier Fifth Circuit decision. That decision based on res judicata has been appealed to the CAFC. The "scope" of that earlier Fifth Circuit decision will also be implicated by this appeal to the CAFC. In both instances, if the Fifth Circuit's position is correct, the CAFC is without jurisdiction to consider these appeals.

Finally, an appeal entitled *Catanzaro* v. *Hart Electronics Corp.*, (CAFC Appeal No. 83-653), was decided by the CAFC in an unpublished decision on August 15, 1983 affirming a decision on motion for summary judgment by the district court for the Middle District of Pennsylvania dismissing a suit for patent infringement. (A. 209) The district court held that in view of a Third Circuit decision entitled *Catanzaro* v. *Int'l Tel. & Tel.*, 575 F.2d 1085, 200 USPQ 10, *cert. denied*, 439 U.S. 989 (1978), holding that the patent was not infringed by production of a similar device, the patent was not infringed by the present defendants. Both of these cases had been transferred by the Judicial Panel on Multidistrict Litigation to the district court for the Southern District of New York for consolidated pretrial proceedings before a magistrate due to the similarity in the devices alleged to be infringed. Again, the "scope" of the Third Circuit's decision will be implicated and the Third Circuit decided the "controlling issue" of non-infringement. Under the Fifth Circuit's view, the CAFC was without jurisdiction to render this decision.

These cases referred to are only those that either have been published by the CAFC or have been brought to the attention of Petitioner's counsel. Due to the duration of patent infringement proceedings, it is not unreasonable to assume that many other cases will be similarly impacted by the Fifth Circuit's position.

F. Conclusion: The Fifth Circuit Does Not Have Jurisdiction

Pursuant to the implementing legislation, the effective date of the 1982 Act is October 1, 1982. All patent appeals pending prior to that date are to be decided by the respective regional

circuit court of appeals. *See*, § 403(e) of the 1982 Act. All patent appeals filed after that date are to be decided by the CAFC. *See* § 402 of the 1982 Act. Certainly, Congress, expressly stating an intention to avoid "ambiguities" and provide for the "orderly disposition of cases", did not intend a more complicated analysis in order to determine the effective date of the 1982 Act. The Fifth Circuit's approach is not only opposed to the plain meaning of the implementing legislation, but, contrary to the canon of strict construction of statutory jurisdiction, expands by judicial fiat the jurisdiction of the regional circuit court of appeals, and defeats the purpose of Congress to eliminate forum shopping and enhance the doctrinal stability of the patent laws. Accordingly, the CAFC, and not the Fifth Circuit, has exclusive jurisdiction over all patent appeals filed, as here, after October 1, 1982.

III.

THE FIFTH CIRCUIT SHOULD TRANSFER APPEAL NO. 82-3619 TO THE CAFC PURSUANT TO 28 U.S.C. § 1631

Petitioners' position that this appeal should be transferred to the CAFC is supported by the 1982 Act and recent caselaw interpreting and applying 28 U.S.C. § 1631 (1982). Prior to enactment of the 1982 Act, there was a split of authority in the circuit courts of appeals on the question of whether a court of appeals that did not have subject matter jurisdiction could transfer that appeal to the proper court of appeals that did have jurisdiction. Some cases determined that if the court of appeals did not have jurisdiction to consider an appeal, then it did not possess jurisdiction to transfer that appeal. *United States* v. *Wyatt*, 680 F.2d 1080, 1088 n. 11 (5th Cir. 1982) (no jurisdiction to transfer to TECA; appellant should have filed two notices of appeal); *Oltmann* v. *Mobil Oil Co.*, 673 F.2d 187, 188 (7th Cir. 1982) (if no jurisdiction to consider, then no jurisdiction to transfer to TECA); *Grand Blanc Education Assoc.* v. *Grand Blanc Board of Education*, 624 F.2d 47, 49 (6th Cir. 1980) (draws analogy to venue cases to deny transfer). Other circuit

courts of appeals held that they possessed inherent power to transfer an appeal even though they had no jurisdiction to consider that appeal. *Pearce* v. *Director, Office of Workers' Compensation Programs*, 603 F.2d 763, 771 (9th Cir. 1979) (even if the other court has exclusive jurisdiction to consider a case, this court possesses jurisdiction to transfer); *See Trans-State Dredging* v. *Tarner*, 695 F.2d 505, 506 (11th Cir. 1983) (finding specific authority to transfer in 28 U.S.C. § 1631, court notes that it need not rely on *Pearce* to justify transfer). However, this issue has been rendered moot with the passage of the 1982 Act. *American Beef Packers, Inc.* v. *Interstate Commerce Commission*, 711 F.2d 388, 390 (D.C. Cir. 1983) (specifically noting that prior to the 1982 Act, the proper course would have been dismissal). *Trans-State Dredging* v. *Tarner, supra*, 695 F.2d at 506.

Effective October 1, 1982, § 301 of the 1982 Act provides for enactment of a new statute, 28 U.S.C. § 1631, which expressly authorizes inter-court transfers between federal courts when the transferor court determines that there is a want of jurisdiction to consider the case. This statute provides:

> Transfer to cure want of jurisdiction.
>
> Whenever a civil action is filed in a court as defined in section 610 of this title or an appeal, including a petition for review of administrative action, is noticed for or filed with such a court and that court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed, and the action or appeal shall proceed as if it had been filed in or noticed for the court to which it is transferred on the date upon which it was actually filed in or noticed for the court from which it is transferred.

Congress knew that jurisdictional problems had arisen from the creation of specialized federal courts such as the CAFC and provided a vehicle for resolving these problems in the form of the

latter statute.[9] This statute employed broad language to accommodate any such problem. The Senate Committee Report explains:

> TITLE III — JURISDICTION AND PROCEDURE
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> Transfer of Cases
>
> In recent years much confusion has been engendered by provisions of existing law that leave unclear which of two or more federal courts — including courts at both the trial and appellate level — have subject matter jurisdiction over

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[9] This new statute had its genesis in a concurring opinion written by Judge Leventhal of the District of Columbia Circuit Court of Appeals in *Investment Company Institute* v. *Board of Governors of the Federal Reserve System*, 551 F.2d 1270, 1283-84 (D.C. Cir. 1977). In this case, the court affirmed the district court's dismissal of an action seeking review of promulgation of an agency rule on the basis that original jurisdiction had been exclusively vested by statute with the court of appeals. Concurring, Judge Leventhal stated:

> I take advantage of the freedom of a concurring opinion to express the hope that the core problem will be dealt with in the reasonable future by the enactment of a general statute permitting transfer between district courts and courts of appeals in the interest of justice, including specifically but not exclusively those instances when complaints are filed in what later proves to be the "wrong" court.
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> * * * *
>
> The ambiguities that now abound, and have sometimes led to what has been described as "jurisdictional badminton," are not edifying. Realistically, some ambiguities are likely to persist. The only lawyer-like remedy today, as Judge McGowan points out, is double filing. That is hardly a model. Today's opinion crafts a solution that avoids hardship in the case at hand. A more direct and sweeping approach is eminently desirable and eminently timely.

As a result of this concurring opinion, Congressman Kastenmeier, Chairman, Subcommittee on Courts for the House of Representatives, corresponded with Judge Leventhal and between them, a transfer statute was proposed to Congress that was substantially the same as that which was later enacted as 28 U.S.C. § 1631 (1982). Hearings on Judicial Housekeeping Before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, 95th Cong. 2d Sess. 372-90 (1978) (A. 189) *cited by* Senate Report No. 97-275, *Federal Courts Improvement Act of 1982*, 1982 U.S. Code Cong. & Adm. News 11, 21 (A. 107).

certain categories of civil actions. The problem has been particularly acute in the area of administrative law where misfilings and dual filings have become commonplace. The uncertainty in some statutes regarding which court has review authority creates an unnecessary risk that a litigant may find himself without a remedy because of a lawyer's error or a technicality of procedure.

At present, the litigant's main protective device, absent an adequate transfer statute, is the wasteful and costly one of filing in two or more courts at the same time. This puts increased burdens on the courts as well as on the parties.

Although most problems in this regard relate to controversies involving the district courts and the court of appeals, there also have been cases involving the Court of International Trade, and the Temporary Emergency Court of Appeals. Therefore, the language of Part A of Title III is broadly drafted to permit transfer between any two federal courts.

Senate Report No. 97-275, 97th Cong. 2d Sess., 1982 U.S. Code Cong. & Adm. News 11, 21 (A. 107).

Further, the jurisdictional section of the CAFC should be read with section 301 of the proposed legislation. This latter section allows any federal court which lacks jurisdiction over a matter to transfer the complaint or appeal to a proper court, in the same manner as if the complaint or appeal had been filed in that court in the first instance. This provision, therefore, will allow the CAFC to transfer cases to the proper circuit court, or vice versa.

Id. at 30 (A. 116).

Section 301. — Because of the complexity of the federal court system and of special jurisdictional provisions, a civil case may on occasion be mistakenly filed in a court — either trial or appellate — that does not have jurisdiction. By the time the error is discovered, the statute of limitations or a filing period may have expired. Moreover, additional expense is occasioned by having to file the case anew in the proper court.

Section 301 adds a new chapter to title 28 that would authorize the court in which a case is improperly filed to

> transfer it to a court where subject matter jurisdiction is proper. The case would be treated by the transferee court as though it had been initially filed there on the date on which it was filed in the transferor court. The plaintiff will not have to pay any additional filing fees. This provision is broadly drafted to allow transfer between any two federal courts. Although most problems of misfiling have occurred in the district and circuit courts, others have occurred in the Court of International Trade and the Temporary Emergency Court of Appeals. Some others may occur in the Court of Appeals for the Federal Circuit. The broadly drafted provisions of section 301 will help avoid all of these situations.

Id. at 40 (A. 126).

A surprising number of cases have employed 28 U.S.C. § 1631 (1982) in the first year of its existence to transfer cases between federal courts. The cases that have considered Section 1631 have determined that this transfer statute is to be applied retroactively to pending cases. *Slatick* v. *Director, Office of Workers' Compensation Programs,* 698 F.2d 433, 434 (11th Cir. 1983); *Trans-State Dredging* v. *Tarner, supra,* 695 F.2d at 506. Further, a three-part test is mandated by the statute: first, the court where the action is originally filed must find that there is a want of jurisdiction; second, that court must determine whether a transfer would be in the interest of justice; and third, transfer must be made to a court in which the action could have originally been brought. *Hempstead County and Nevada County Project* v. *United States Environmental Protection Agency,* 700 F.2d 459, 462-63 (8th Cir. 1983). The courts which have refused to transfer have so refused because jurisdiction could not have been obtained if the action had originally been filed in the transferee court. *W. M. Schlosser Co.* v. *United States,* 705 F.2d 1336, 1339 (CAFC 1983).

Applying the three-part test to the facts of this case, it is apparent from the previous discussion that the Fifth Circuit does not have jurisdiction and that the CAFC has exclusive jurisdiction. Accordingly, the first and third portions of the three-part

test have been resolved. The only question that remains is whether transfer to the CAFC would be in the interest of justice. Both the legislative history and recent caselaw mandate a determination that transfer of Appeal No. 82-3619 to the CAFC is "in the interest of justice." The legislative history surrounding this precise phrase is sparse. However, when corresponding with Congress concerning the enactment of this statute, Judge Leventhal of the District of Columbia Circuit Court of Appeals explained that the purpose of the "interest of justice" language was to "guard against any vexatious or abusive misfiling."[10] Hearings on Judicial Housekeeping Before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, 95th Cong. 2d Sess. p. 379 (1978) (A. 189) *cited by* Senate Report No. 97-275, 97th Cong. 2d Sess., 1982 U.S. Code Cong. & Adm. News 11, 21 (A. 107). Further, the portions of the Senate Report quoted above acknowledge that, on occasion, mistakes in filing are inevitable due to either ambiguities in the relevant statutes or attorney error and that this transfer statute is designed to alleviate the effects of these ambiguities and errors on a litigant's rights. To date, the cases utilizing Section 1631 have uniformly determined that transfer to another federal court was "in the interest of justice" for these precise reasons. *American Beef Packers, Inc.* v. *Interstate Commerce Commission, supra,* 711 F.2d at 390 (intervening deregulation may have caused confusion regarding proper forum for review); *Burgos* v. *Milton,* 709 F.2d 1, 3 (1st Cir. 1983); *Hempstead County and Nevada County Project* v. *United States Environmental Protection Agency, supra,* 700 F.2d at 463) (misfiling was based on good faith but incorrect reading of statute); *Slatick* v. *Director, Office of Worker's Compensation Programs, supra,* 698 F.2d at 434-35 (petitioner was misled by government regarding proper forum for filing); *Trans-State Dredging* v. *Tarner, supra,* 695 F.2d at 506 (remedial purpose of statute is best served by transfer); *Valentine Girards, Inc.* v. *United States Department of*

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[10] *See* note 9, *supra.*

Agriculture Farmers Home Administration, 566 F. Supp. 832, 934 (E.D. N.Y. 1983) (jurisdictional errors were inadvertent).

Due to the circumstances underlying Appeal No. 82-3619, transfer of that appeal to the CAFC is "in the interest of justice." Certainly, the Petitioners' notice of appeal did not specify the Fifth Circuit in order to abuse the judicial system. Instead, this was a good faith error on the part of Petitioners' prior counsel. As pointed out by counsel for Plaintiffs/Appellees in prefatory remarks to his brief to the Fifth Circuit, the CAFC had advised him that the Fifth Circuit had jurisdiction.[11] The CAFC has also advised counsel for Petitioners that the CAFC had, initially, given such advice informally to inquiring litigants. However, every federal court must on motion or sua sponte determine the limits of its own jurisdiction. As delineated earlier, in other cases the CAFC has accepted jurisdiction and decided appeals from district court decisions based on facts which, for purposes of jurisdiction, are identical to those underlying Appeal No. 82-3619.[12] Due to this confusion and contradiction, Petitioners' error was in good faith and not an attempt to abuse the judicial system. Other cases considering § 1631, such as the *American Beef*, *Hempstead County* and *Slatick* cases cited above, have determined that a transfer to the correct federal forum is in the interest of justice when the litigants have been given conflicting advice or were otherwise confused about the proper forum for review. Accordingly, due to the confusion surrounding the implementation of this new statutory scheme for patent appeals, the interests of justice would be served by transferring Appeal No. 82-3619 to the CAFC.

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[11] *See* Section I entitled "Statement of the Case," *supra*.

[12] *See* Section II.E. entitled "Adverse Impact on Pending and Decided Cases," *supra*.

IV.

WRITS OF MANDAMUS AND PROHIBITION SHOULD ISSUE TO REQUIRE THE FIFTH CIRCUIT TO TRANSFER APPEAL NO. 82-3619 TO THE CAFC AND REFRAIN FROM THE EXERCISE OF FURTHER JURISDICTION

It is well established that issuance of the common law writs authorized by The All Writs Act, 28 U.S.C. § 1651, may be granted or withheld in the sound discretion of the Court. *LaBuy* v. *Howes Leather Co.*, 352 U.S. 249, 255 (1957). However, it is equally well-established that the necessary writs will be granted as a matter of course if an inferior federal tribunal attempts to act beyond the scope of its authority granted by Congress. *DeBeers Consolidated Mines* v. *United States*, 325 U.S. 212, 217 (1945). In *DeBeers*, the Court stated that "when a court has no judicial power to do what it purports to do — when its action is not mere error but usurpation of power — the situation falls precisely within the allowable use of [28 U.S.C. § 1651]." *Id.* This has been characterized by the Court as the "traditional use of the writ," *viz*, "to confine an inferior court to a lawful exercise of its prescribed jurisdiction . . ." *Roche* v. *Evaporated Milk Assoc.*, 319 U.S. 21, 26 (1943).

In the past, the Supreme Court has approved the issuance of or issued necessary writs where denial of issuance of the writ would operate to "thwart the asserted purposes of Congress" to establish and vest with authority a tribunal with special expertise (*United States Alkali Export Assoc.* v. *United States*, 325 U.S. 196, 203 (1945) (district court cannot obtain jurisdiction over matter allocated by Congress to the Federal Trade Commission)), where a federal court attempts to exercise jurisdiction over matters allocated to another tribunal by Congress (*In re Skinner & Eddy Corp.*, 265 U.S. 86 (1924) (Court of Claims, by statute, cannot obtain jurisdiction over a matter earlier pending in a state court)), to correct a clear abuse of discretion

(*LaBuy* v. *Howes Leather Co.*, *supra*, 352 U.S. 249 (1957) (district court improperly transferred its functions to a master)), where the lower court's unauthorized order is "the first of its kind in any reported decision" (*Schlagenhauf* v. *Holder*, 379 U.S. 104 (1964) (requiring a litigant to submit to numerous mental and physical examinations was not permissible under facts)), and where the unauthorized action taken by the lower court was "one respecting a matter lying wholly outside the issues in the case" and no decision on the merits could "redress any injury done by the order" (*DeBeers Consolidated Mines* v. *United States*, *supra* 325 U.S. at 217).

The conduct of the Fifth Circuit falls squarely within the prohibitions of the precedents cited above. As Petitioners have established, the Fifth Circuit has no jurisdiction to consider this appeal. Exclusive jurisdiction over this appeal has been vested by Congress with the CAFC. To permit the Fifth Circuit to consider this appeal would "thwart the asserted purpose of Congress" to end forum shopping and establish uniformity in the patent laws and transgress the policies which Congress has sought to effectuate by vesting exclusive jurisdiction with the CAFC. *See United States Alkali Export Assoc.* v. *United States*, *supra*, 325 U.S. at 203-204; *In re Skinner & Eddy Corp.*, *supra*. Due to the number of cases that would be impacted by the Fifth Circuit's novel view of jurisdiction, as indicated above,[13] this decision has exceptional public importance and, as in *Schlagenhauf*, is the first decision of its kind on this issue. Further, as in the *DeBeers* case, the question of the Fifth Circuit's jurisdiction is wholly divorced from the merits of the case and any aspect of the trial court's opinion.

Accordingly, review by way of an extraordinary writ is amply justified by the authorities cited above and issuance of the requested writs is necessary to enable a proper review of the trial court's decision assessing and awarding damages for patent

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[13] *See* Section II.E. entitled "Adverse Impact on Pending and Decided Cases," *supra*.

infringement, to confine the Fifth Circuit to a lawful exercise of its jurisdiction, to enable the proper tribunal, the CAFC, to entertain Appeal No. 82-3619, to avoid a collateral, advisory and unnecessary decision on the merits by the Fifth Circuit and to implement the statutory scheme enacted by Congress. Absent transfer, Petitioners may be precluded from obtaining review of the trial court's damages decision due to a lack of jurisdiction by the Fifth Circuit and an inability at this date to file a timely notice of appeal to the CAFC. Thus, the appellate jurisdiction of both the CAFC and this Court will be frustrated by the Fifth Circuit's actions. Assuming that transfer after the Fifth Circuit renders a decision might be effected in some way (through petition for certiorari or otherwise), federal policy favors an immediate transfer to avoid a later decision by the correct tribunal, the CAFC, which may result in contradictory results on the same facts from sister circuit courts of appeals.

V.

CONCLUSION

Congress has established a new court, the CAFC, and granted that court exclusive jurisdiction over all patent appeals. 28 U.S.C. 1295 (1982). The CAFC was created to eliminate forum shopping and bring about uniformity of decision in patent cases. Continued decisions by regional circuit courts of appeal will defeat Congress' purpose. The triggering event for the CAFC's jurisdiction is the filing of a notice of appeal after October 1, 1982, the effective date of the 1982 Act. Regional circuit courts of appeals do not have jurisdiction to decide patent appeals filed after that date. Because the notice of appeal in Appeal No. 82-3619 was filed after October 1, 1982, the CAFC, and not the Fifth Circuit, has exclusive jurisdiction to consider this appeal.

Congress envisioned the possibility that with specialized federal courts, such as the CAFC, an appeal might be filed with the wrong court and enacted 28 U.S.C. § 1631 to resolve any such problems. Due to the confusion surrounding the implementation of the 1982 Act, Petitioners' error in naming the Fifth

Circuit in the notice of appeal instead of the CAFC was in good faith and not to abuse the judicial system. As a result, transfer to the CAFC is "in the interest of justice" for purposes of § 1631.

Contrary to Petitioners' motion, the Fifth Circuit has refused to relinquish control and transfer this appeal to the CAFC. Writs of mandamus and prohibition are the appropriate vehicles to confine lower federal tribunals to the limits of their statutory jurisdiction. Pursuant to this Court's authority under 28 U.S.C. § 1651, Petitioners respectfully request that this Court issue a writ of mandamus directing the Fifth Circuit to transfer Appeal No. 82-3619 to the CAFC, and a writ of prohibition directing the Fifth Circuit to refrain from the exercise of further jurisdiction over Appeal No. 82-3619.

Respectfully submitted,
BUTLER & BINION

.....

NED L. CONLEY
JEFFREY W. TAYON
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195
Counsel for Petitioners,
WILCO MARSH BUGGIES &
DRAGLINES, INC.,
JOHN M. WILSON, SR.,
DEAN R. WILSON, AND
ROBERT J. WILSON, JR.

Of Counsel:
BUTLER & BINION
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3111

CERTIFICATE OF SERVICE

I certify that three true and correct copies of the foregoing Petition and Brief on Behalf of Petitioners have been forwarded by depositing the same with the United States Postal Service for delivery by first class mail on this .... day of ....., 1983, to all necessary parties to this proceeding, including the following:

Solicitor General
Department of Justice
Washington, D.C. 20530

The Honorable Judge Rubin
United States Court of Appeals for the Fifth Circuit
600 Camp Street
New Orleans, Louisiana 70130

The Honorable Judge Garwood
United States Court of Appeals for the Fifth Circuit
600 Camp Street
New Orleans, Louisiana 70130

The Honorable Judge Jolly
United States Court of Appeals for the Fifth Circuit
600 Camp Street
New Orleans, Louisiana 70130

Mr. James Gambrell
Pravel, Gambrell, Hewitt, Kirk & Kimball
1177 West Loop South, Suite 1010
Houston, Texas 77027
Attorney of Record for Respondents,
Kori Corporation, Huey Rivet and Louis Woodson

.....

NED L. CONLEY

OFFICE-Supreme Court, U.S.
FILED
NOV 7 1983
ALEXANDER L. STEVAS,
CLERK

83-769

CASE NO. _____

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1983

In re Wilco Marsh Buggies & Draglines, Inc.,
John M. Wilson, Sr., Dean R. Wilson,
and Robert J. Wilson, Jr.,

Petitioners.

ON PETITION FOR ISSUANCE OF WRIT OF MANDAMUS AND PROHIBITION TO REQUIRE THE JUDGES OF THE COURT OF APPEALS FOR THE FIFTH CIRCUIT TO STAY WITHIN THE CONFINES OF THEIR APPELLATE JURISDICTION AND TRANSFER APPEAL NO. 82-3619 TO THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

A P P E N D I X
ON BEHALF OF PETITIONERS

Ned L. Conley
Jeffrey W. Tayon
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195

Counsel for Petitioners

OF COUNSEL:

Butler & Binion
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3111

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A P P E N D I X
ON BEHALF OF PETITIONERS

Ned L. Conley
Jeffrey W. Tayon
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195

Counsel for Petitioners

OF COUNSEL:

Butler & Binion
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3111

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DO NOT PUBLISH

IN THE UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

U.S. COURT OF APPEALS
FILED
SEP - 2 1983
GILBERT E. GANUCHEAU
CLERK

No. 82-3619

KORI CORPORATION, ET AL.,

Plaintiffs-Appellees,

versus

WILCO MARSH BUGGIES AND DRAGLINES, INC., ET AL.,

Defendants-Appellants.

Appeal from the United States District Court for the Eastern District of Louisiana

Before RUBIN, GARWOOD, and JOLLY, Circuit Judges.

BY THE COURT:

IT IS ORDERED that appellants' motion to transfer and stay pending transfer to the United States Court of Appeals for the Federal Circuit and transmit the record back to the United States District Court for the Eastern District of Louisiana is DENIED.

The present appeal, in this patent infringement litigation, is from the August 30, 1982 judgment of the district court awarding damages and attorneys' fees in the accounting phase of the action, trial on the accounting and amount of attorneys' fees issues having taken place during April 1982. Defendants-appellants' timely motion for new trial having been overruled on

October 12, 1982, those parties filed their notice of appeal on October 13, 1982, and subsequently filed the record, and on March 15, 1983, their appellants' brief, in this Court. On July 28, 1983, after appellees' brief was filed with this Court, appellants filed their instant motion seeking transfer of this appeal to the United States Court of Appeals for the Federal Circuit. Appellees oppose the motion.

The trial in the district court of this case was bifurcated, as it is in many patent cases, with the court first trying the issues of the validity and infringement of the patent, and thereafter the accounting issues. The trial on the validity and infringement issues was held in February 1981, and on December 11, 1981 the court gave judgment for plaintiffs-appellees holding the patent valid and infringed by defendants-appellants, enjoining defendants-appellants from infringing the patent, ordering that plaintiffs-appellees were entitled to an accounting from defendants-appellants for "all damages suffered by them as a result of the infringement by the defendants" and to costs and attorneys' fees, and providing that "[a] hearing shall be set at a later date to determine the question of damages, costs, and attorneys' fees." This judgment also dismissed defendants' counterclaim, based on alleged antitrust violations (no trial was held on the counterclaim, as it was apparently conceded to be dependent on defendants' claims that the patent was invalid or not infringed, and the counterclaim had been separated out for trial just as had the accounting issues). On December 24, 1981

defendants-appellants gave timely notice of appeal to this Court from the December 11, 1981 judgment, and, after all parties filed briefs with this Court, the case was orally argued in March 1983 and on June 27, 1983 this Court affirmed the district court's December 11, 1981 judgment. Kori Corporation v. Wilco Marsh Buggies And Draglines, Inc.,708 F.2d 151 (5th Cir. 1983). In August 1983, motion for rehearing in that proceeding was overruled and the mandate issued.

Public Law 97-164, 97th Congress, approved by the President April 2, 1982, among other things, created the United States Court of Appeals for the Federal Circuit and provided, by enacting 28 U.S.C. § 1295, that it "shall have exclusive jurisdiction--(1) of an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title . . . ." Section 1338(a) of 28 U.S.C. gives United States district courts original jurisdiction, inter alia, "of any civil action arising under any Act of Congress relating to patents . . . ." Prior to Public Law 97-164, 28 U.S.C. § 1292(a) provided for interlocutory appeals to courts of appeals from orders granting or refusing injunctions, appointing receivers, certain orders in admiralty cases, and, by its pragraph (4), from "judgments in civil actions for patent infringement which are final except for accounting." Public Law 97-164 repealed paragraph (4) of section 1292(a), and added to section 1292 a new subsection (d) giving the Court of Appeals for the Federal

Circuit jurisdiction of appeals from certain interlocutory orders of the Court of International Trade and the United States Claims Court, and a new subsection (c) providing:

> "(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction--
>
> > "(1) of an appeal from an interlocutory order or decree described in subsection (a) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and
> >
> > "(2) of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting."

Public Law 97-164 likewise amended 28 U.S.C. § 1291, granting courts of appeals jurisdiction of appeals "from all final decisions of the district courts of the United States," so as to except the Court of Appeals for the Federal Circuit from this grant of jurisdiction and to provide that such Court's jurisdiction "shall be limited to the jurisdiction described in sections 1292(c) and (d) and 1295 of this title." Public Law 97-164 also amended 28 U.S.C. § 1294, providing, inter alia, that appeals "from reviewable decisions of" a district court "shall be taken . . . to the court of appeals for the circuit embracing the district," by adding to section 1294 the language, "Except as provided in sections 1292(c), 1292(d) and 1295 of this title."

Section 1631 of 28 U.S.C. was likewise enacted by Public Law 97-164, and provides that under certain circumstances a court in

which "there is a want of jurisdiction" may transfer the "action or appeal" to any other court in which the "action or appeal could have been brought at the time it was filed or noticed."

Section 402 of Public Law 97-164 states that "[u]nless otherwise specified, the provisions of this Act shall take effect on October 1, 1982." Section 403(e) of the Act provides:

> "(e) Any case in which a notice of appeal has been filed in a district court of the United States prior to the effective date of this Act shall be decided by the court of appeals to which the appeal was taken."

Not surprisingly, we have found no decision or legislative history which is helpful in resolving the problem before us.* Undeniably, a difficult and close question is presented. We conclude that "case" as used in section 403(e) of Public Law 97-164 refers to the case, or judicial unit, pending in the district court, and that in this instance there was but one such case, namely, Civil Action No. 79-3636 in the United States District Court for the Eastern District of Louisiana. Notice of appeal in that case, which brought forward for appellate review the controlling issues of patent validity and infringement by defendants-appellants, was filed in December 1981, well before the effective date of Public Law 97-164, and those issues have

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*Appellants cite Groves v. General Insurance Corp., 381 F.2d 517 (10th Cir. 1967), and Trivette v. New York Life Ins. Co., 270 F.2d 198 (6th Cir. 1959), neither of which is remotely relevant, each case dealing solely with the adequacy of a notice of appeal, and neither case involving any disputed question concerning which appellate court had jurisdiction or the transfer of an appeal from one appellate court to another.

been resolved by this Court's prior opinion herein. We observe that in the present appeal appellants' contentions appear to involve, inter alia, questions of the scope of the infringement as applied to various products, thus potentially implicating the scope of our prior decision herein. Up until this point all parties obviously proceeded on the assumption that this Court had jurisdiction and that the accounting "tail" did not wag the dog. We believe that assumption was correct. Appellants' motion is DENIED.

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

KORI CORPORATION AND HUEY J. RIVET	§	
	§	
VERSUS	§	
	§	APPEAL NO. 82-3619
WILCO MARSH BUGGIES AND DRAGLINES, INC., JOHN M. WILSON, SR., DEAN R. WILSON, AND ROBERT J. WILSON, JR.	§	

MOTION TO TRANSFER AND STAY PENDING TRANSFER TO UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND TRANSMIT RECORD BACK TO THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA

NOW COME APPELLANTS and file this Motion to Transfer and Stay Pending Transfer to United States Court of Appeals for the Federal Circuit and Transmit Record Back to the United States District Court for the Eastern District of Louisiana and would show the Court as follows:

(1) This Motion pertains to an appeal from the United States District Court for the Eastern District of Louisiana that entered judgment in Civil Action No. 79-3636 for damages for patent infringement against Appellants. A notice of appeal was timely filed on October 12, 1982, and this appeal was docketed with the United States Court of Appeals for the Fifth Circuit.

(2) In due course, Appellants' main brief was prepared and filed by Appellants' former counsel, Nathan Greenberg. Appellants have recently retained new counsel, viz, Ned L. Conley of Butler & Binion, Allied Bank Plaza, Houston, Texas, to represent them in the remainder of this appeal.

An appearance of counsel was transmitted to the Court on Friday, July 22, 1983.

(3) On October 1, 1982, the effective date of 28 USC §1295, a new federal circuit court of appeals was created called The United States Court of Appeals for the Federal Circuit (hereinafter the "CAFC") and was given "exclusive jurisdiction... of an appeal from a final decision of a district court of the United States... if the jurisdiction of that court was based, in whole or in part, on section 1338 (of Title 28)." See 28 USC §1295. Section 1338 of Title 28 gives original and exclusive jurisdiction of all civil actions arising under any Act of Congress relating to patents to the United States district courts.

(4) Contrary to Rule 3(c) of the Federal Rules of Appellate Procedure, Appellants' Notice of appeal erroneously indicated that appeal was being taken to the United States Court of Appeals for the Fifth Circuit instead of the CAFC.

(5) Under 28 USC §1295, as of October 12, 1982, when the notice of appeal was filed, the CAFC had exclusive jurisdiction over this appeal.

(6) Because the Fifth Circuit does not have jurisdiction, Appellants respectfully request, pursuant to 28 USC §1631, that this case be transferred to the CAFC. See Graves vs. General Insurance Corp., 381 F.2d 517 (10th Cir. 1967); Trivette v. New York Life Ins. Co., 270 F.2d 198 (6th Cir. 1959).

(7) Under Rule 11(a)(4) of the Rules of the CAFC, the record of the district court proceedings is to be retained

by the district court unless ordered by the CAFC. Further, Rule 12 of the CAFC requires that a separate appendix be prepared for transmission to the CAFC which includes all evidence which the parties wish to draw to the attention of the Court. Accordingly, Appellants request that the record on appeal held by the United States Court of Appeals for the Fifth Circuit be tranferred back to the United States District Court for the Eastern District of Louisiana so that Appellants may comply with the Rules of the CAFC and prepare an appendix for transmittal to the CAFC.

(8) Having regard for the requirements imposed and the exlcusive jurisdiction held by the CAFC, Appellants respectfully request that all further proceedings involving this appeal be stayed pending transfer to the CAFC.

Respectfully submitted,

BUTLER & BINION

By: _____
Ned L. Conley
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing Motion to Transfer and Stay Pending Transfer to United States Court of Appeals for the Federal Circuit and Transmit Record Back to the United States District Court of for the Eastern District of Louisiana has been forwarded by first class mail to all counsel of record, on this the 25th day of July, 1983.

_____
Ned L. Conley

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

KORI CORPORATION AND HUEY J. RIVET	§	
	§	
VERSUS	§	
	§	APPEAL NO. 82-3619
WILCO MARSH BUGGIES AND DRAGLINES, INC., JOHN M. WILSON, SR., DEAN R. WILSON, AND ROBERT J. WILSON, JR.	§	

ORDER

Having considered Appellants' Motion to Transfer and Stay Pending Transfer to United States Court of Appeals for the Federal Circuit and Transmit Record Back to the United States District Court for the Eastern District of Louisiana and all submissions of the parties, IT IS HEREBY ORDERED:

(1) that this appeal and all briefs on file be transferred to the United States Court of Appeals for the Federal Circuit;

(2) that the record in this appeal be transmitted back to the United States District Court for the Eastern District of Louisiana; and

(3) that all further proceedings in this appeal be stayed pending further action by the United States Court of Appeals for the Federal Circuit.

Clerk, United States Court of
Appeals for the Fifth Circuit

UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

KORI CORPORATION, HUEY J. RIVET AND LOUIS WOODSON

VERSUS

APPEAL NO. 82-3619

WILCO MARSH BUGGIES AND DRAGLINES, INC., JOHN D. WILSON, SR., DEAN E. WILSON, AND DERRICK D. WILSON, JR.

RESPONSE IN OPPOSITION TO MOTION TO TRANSFER AND STAY PENDING TRANSFER TO UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

The appellants have filed a Motion to Transfer and Stay pending transfer of Appeal No. 82-3619 from the Fifth Circuit Court of Appeals to the Court of Appeals for the Federal Circuit (CAFC). A brief review of the history of this case will demonstrate that the appellants' request is illogical and unadvisable.

The Jurisdiction Statement on Page VIII of appellees' Brief filed on July 22, 1983 adequately addressed the issue raised by appellants in their Motion to Transfer (See Exhibit A attached).

A patent infringement suit was filed by Kori Corporation (Kori) and Huey J. Rivet against Wilco Marsh Buggies (Wilco) and the individual defendants in September 1979. The matter came to trial in February 1981, at which time a week long trial was held on the issue of the validity and infringement of the Rivet patent before Judge Robert F. Collins of the Eastern District of Louisiana. The accounting phase of the litigation was bifurcated

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for trial at a later time. In December 1981 Judge Collins issued an opinion finding the Rivet patent valid and infringed, and that decision was appealed to the Fifth Circuit Court of Appeals (Appeal No. 82-3004). During the summer of 1982 the parties exchanged briefs, and oral argument was heard before Judges Politz, Garwood and Tuttle on March 2, 1983. This panel of the Fifth Circuit considered the voluminous validity and infringement record and the arguments of the parties for several months before rendering an opinion on June 27, 1983 upholding Judge Collins finding that the Rivet patent was valid and infringed by the appellants Wilco, et al (See Appeal No. 82-3004 Docket Sheet, Exhibit B).

The accounting phase of the litigation was proceeding through the District Court during the time that the validity and infringement decision was being considered by the Fifth Circuit. Wilco had moved Judge Collins in February, 1982 to stay the accounting phase of the litigation pending the outcome of the Fifth Circuit's decision on the validity and infringement issues. Judge Collins had ordered such a stay if Wilco posted a one million dollar bond to secure the plaintiff's pending the outcome of the Fifth Circuit's decision. Wilco did not post the one million dollar bond and an accounting trial was accordingly held in the District Court during the first week of April 1982. Judge Collins again considered the evidence for several months before issuing a decision on August 30, 1982 awarding a judgment of over one million dollars to Kori as compensation for Wilco's infringement. It is this one million dollar judgment awarded in the accounting case

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that is the subject of the appeal presently before this Court (Appeal No. 82-3619).

The attorney for the appellants filed a notice of appeal with the Clerk's office on October 18, 1982 (See Appeal No. 82-3619 Docket Sheet, Exhibit C). The appellants' principal brief, which was filed on March 3, 1983, recited 28 U.S.C.A. §1331 as the basis for the Court's jurisdiction over this appeal. The appellees' brief was filed in July 1983 and the statement of jurisdiction recited 28 U.S.C. §1291 as the basis of the Court's jurisdiction, in contradistinction to 28 U.S.C. §1331 cited by the appellants. The appellees' statement of jurisdiction additionally advised the Court that although 28 U.S.C. §1295 states that all patent appeals docketed after October 1, 1982 should be filed in the Court of Appeals for the Federal Circuit, that the Clerk of the CAFC had advised the appellees that an exception exists for accounting trials if an appellate court already has jurisdiction over the validity and infringement phase of the litigation. Although there were no decided cases or statutory support for such a position, the appellees decided not to challenge the appellants' choice of the Fifth Circuit since it seemed a reasonable and logical place for the case to be heard. The judges of the Fifth Circuit had already reviewed the voluminous and complex record of this patent case, and therefore possessed a superior familiarity with the facts of this case.

An understanding and familiarity with the validity and infringement phase of this litigation is essential to a just resolution of the accounting issues on appeal. As can be seen from

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reviewing the parties' accounting appeal briefs, the major issues in this case include whether to award the entire market value of the machines as damages; whether profits or royalties are the appropriate measure of damages; and whether the deliberate copying by Wilco of the Rivet machine helps justify the award of double damages and attorneys' fees in this case. A resolution of the entire market value issue depends upon the Court finding that the patented Rivet structure imparts the economic value to the amphibious craft used by Kori, and an understanding of this issue can only come from an intimate familiarity with the details of the machine's construction and operation. Whether to use profits or royalties as a measure of damages depends in large part on whether non-infringing substitutes are available for the Rivet craft, and such an inquiry intimately involves the details of the prior art patents and machines already considered by this Court in the validity and infringement phase of the litigation.

With regard to the issues of deliberate copying, double damages and attorneys fees, it is also necessary for the court to be aware of the details of the prior art. A review of the prior art will reveal that Wilco constructed a machine identical to the Rivet craft, and that there were no others remotely similar. The bad faith of Wilco in litigating the validity and infringement portion of the litigation is also intimately connected with the award of attorneys' fees in the accounting appeal. For instance, if an appeals court is familiar with the semantic facades erected by the defendants in an attempt to excuse their infringement, the award of attorneys' fees becomes not only reasonable but

inevitable. (For example, Wilco argued at trial that the interior of their pontoons was supported with "H" beams and not "I" beams, the difference being that if you turn an I-beam sideways, it is an H-beam).

The Court of Appeals for the Federal Circuit (CAFC) has advised Kori that it has encountered no other accounting appeals which have been transferred to the CAFC after a Court of Appeals has already decided the validity and infringement issues. Accordingly, this Court is being called upon to apparently decide a case of first impression, and the puzzling precedent cited by the appellants, [Graves v. General Insurance Corp., 381 F.2d 517 (10th Cir. 1967); Trivette v. New York Life Insurance Company, 270 F.2d 198 (6th Cir. 1959)] is in no way controlling or apposite to this matter. Both of these cases concerned notices of appeal which had inadvertently named the wrong court in the caption or body of the Notice of Appeal.

Since this is a case of first impression, the appellees urge this Court to make a decision which is consistent with judicial economy. A panel of judges of this Court is already quite familiar with the details of this complex case, and would be in a position to deal with the accounting issues much more readily than an uninitiated panel of the CAFC.

Further, 28 U.S.C. 1292 states in part. . .

Interlocutory decisions

> (a) Except as provided in subsections (c) and (d) of this section, the courts of appeals shall have jurisdiction of appeals from:. . .
>
> (c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—. . .
>
> (2) of an appeal from a judgment in a civil action for a patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.

The present case is an accounting of damages awarded as a result of a patent infringement, validity action, previously argued before the Fifth Circuit Court of Appeals, (Judges Politz, Tuttle and Garwood), and affirmed. Plaintiffs suggest that the accounting action is not within the jurisdiction of the CAFC given the fact that the CAFC did not hear the patent infringement, validity appeal. (See Stament of Jurisdiction P. VIII Appellee's Brief Exhibit A).

Finally, Rule 3 of the Federal Rules of Appellate Procedure states in part. . .

> Appeal as of Right--How taken
>
> Filing the Notice of Appeal. . . Failure of an appellant to take any step [other than the timely filing of a notice of appeal] does not affect the validity of the appeal, but is ground only for such action as the court of appeals deems appropriate, which may include dismissal of the appeal. . .

Should the Fifth Circuit not have jurisdiction in this case, the appeal is defective for failure to timely file the notice of appeal according to Federal Rules of Appellate Procedure Rule 3 and the appeal should be dismissed subject to a motion showing excusable neglect or good cause. Neither excusable neglect nor good cause can be shown herein. (See defendants' jurisdictional statement - Exhibit D.)

As a purely practical matter, the late stage at which this transfer is being urged should be considered. Both the appellees and the appellants have filed extensive briefs with the Fifth Circuit Court of Appeals presenting the pertinent case law of the Fifth Circuit. If jurisdiction of this case is now given to the CAFC, both parties' briefs will have to be extensively redone, thereby burdening the parties and the judicial system. A transfer of this appeal would also further delay a final resolution of this matter which has been pending in the Courts since 1979. This attempt to transfer the appeal at this late stage of the proceedings might be yet another instance of the tactics of delay employed by the defendants that prompted Judge Collins to award double damages and attorneys' fees in this case. If the appellants wanted this case heard by the CAFC, they should have filed there to begin with instead of forcing the appellees to file briefs with the Fifth Circuit before being ambushed with this last second tactic to further delay a final resolution of these issues.

The Fifth Circuit Court of Appeals should recognize an exception to 28 U.S.C. §1295 for patent appeals filed after October 1, 1982 which concern the accounting phase of extensive patent litigation which has already been before the Fifth Circuit and for which briefs are now filed. This exception should be recognized for purposes of judicial economy, sound public policy, and a prompt resolution of the complex matters which have already been prolonged for too many years in the federal courts.

Respectfully submitted,

KEATY & KEATY

Thomas S. Keaty
1818 ITM Building
No. 2 Canal Street
New Orleans, Louisiana 70130
Telephone (504) 581-1706

STATEMENT OF JURISDICTION

This Court has jurisdiction of appeals from all final decisions of the District Courts of the United States under 28 U.S.C. §1291. It should be noted that this differs from the statement of jurisdiction cited by the defendants, who rely on 28 U.S.C. §1331. The statute cited by the defendants grants jurisdiction to United States District Courts over actions arising under the Constitution, laws or treaties of the United States. Since 28 U.S.C. §1331 grants jurisdiction to District Courts, it is not understood why the defendants now cite it to support the Appellate Court's jurisdiction.

This appeal was docketed on October 18, 1982. 28 U.S.C. §1295 states that all patent appeals docketed after October 1, 1982 should be filed in the Court of Appeals for the Federal Circuit (C.A.F.C.). However, the C.A.F.C. has advised the appellees that an exception exists for accounting trials if an Appellate Court already has jurisdiction over the validity and infringement phase of the litigation. For that reason, the Court of Appeals for the Federal Circuit has advised the appellees that the Fifth Circuit Court of Appeals has jurisdiction over this accounting appeal. This exception would make sense since the matter has been decided using Fifth Circuit law, and because the judges of the Fifth Circuit are intimately familiar with the case after having rendered the related validity and infringement decision between the same parties in *Kori v. Wilco Marsh Buggies & Draglines, et al.* Appeal No. 82-3004, decision published June 27, 1983 affirming the validity and infringement of the Rivet patent.

UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

NO. 82-3619

KORI CORPORATION, HUEY J. RIVET
AND LOUIS WOODSON

Plaintiffs-Appellees,

versus

WILCO MARSH BUGGIES AND DRAGLINES, INC.
JOHN M. WILSON, SR., DEAN R. WILSON,
AND ROBERT J. WILSON, JR.

Defendants-Appellants.

Appeal from the United States District Court for the
Eastern District of Louisiana

BRIEF FOR APPELLEES

July 22, 83

EXHIBIT "A" 19

AURI CORP., ET AL., -vs- WILCO MARSH BUGGYS and DRAGLINES, INC., ET AL., EX-A No. 82-3004

RECORD, EXHIBITS AND BRIEF INFORMATION | Filing:

- ___ Partial Record or Cert. List
- 1/25/82 Record on Appeal — No. of Vols. 8
- ___ Supp. Record — No. of Vols. ___
- ___ Second Supp. Record — No. of Vols. ___
- 1/25/82 Exhibits ☐ Env. ☒ Box ☐ Pkg. ☐ Roll
- ___ Appendix ☐ (P) ☐ (M)
- ___ Former Appeal Record
- ___ Administrative Transcript
- Briefing Notice Issd. 5/25/82
- 7/28/82 Brief for Appellant(s) (M)
- ___ Brief for Appellant
- ___ Brief for Cr. Appellant
- 8/20/82 Brief for Appellee(s) (P)
- ___ Brief for Appellee
- ___ Brief for Cr. Appellee
- /82 Reply Brief for Appellant (M)
- 26/82 Supp. Brief for Appellant(s) (M)
- ___ Supp. Brief for Appellee
- ___ Brief for Amicus
- ___ Intervenor
- ___ Rule 13(a) Certificate
- /82 Record Excerpts
- /82 Appellant's letter brief required by Court.
- -83 Appellee letter brief 5-9-83 W.E.

MISCELLANEOUS FILINGS | Filing:

- 82 Dup. Notice of Appeal and Clerk's Statement of Docket Entries
- ___ Papers Trans. from Misc. No. ___
- ___ Order of DC Ext. Time to File Record to ___
- ___ Order of DC Granting Appeal IFP
- ___ Order of DC Appointing Counsel
- ___ Affidavit of Financial Status
- ___ CJA 20 Issd./Voucher Recd.
- ___ Notice of Election Rule 30(c)
- ___ Appellant's Designation
- ___ Appellee's Designation
- ___ Designation
- ___ Order to Show Cause —
- ___ Local Rule 9(b) Dismissal Order
- ___ CJA 21 for Transcript

BY REVIEW CASES | Filing:

- ___ Petition for Review of Order ( ) of ☐ NLRB ☐ FPC ☐
- ___ Application for Enforcement — NLRB
- ___ Answer to Application for Enforcement
- ___ Cross Application for Enforcement

4. EXTENSION Flg. Motion for:

		Order Fld.	Ext. to:
1-29-82	Record, Trans.		4-10-82
___	Appendix		
___	Appellant's Brief		
___	Appellant's Brief		
___	Appellant's Brief		
7-9-82	Appellee's Brief AA	7-9-82	8-17-82
9-16-82	Appellee's Brief		8-20-82
___	Appellee's Brief 9/20		
___	Reply Brief		
4-13-82	Trans.		4-26-82

5. CALENDAR INFORMATION

Rule 18 Notice Issued: ___

Summary Panel: ___

1-24-83 Case Assigned for 3-2-83 in ☐ EB ☐ W ☒ E ☐

___ Case Cont'd for Reassignment.

___ Case Reassigned for ___ in ☐ EB ☐ W ☐ E ☐

Hearing Panel: EPT-HAP-WG

3-2-83 Case Argued ☑ by Appellant ☑ by Appellee

___ Case Sub. w/o Arg. ☐ by Appellant ☐ by Appellee

6. OPINION INFORMATION ✓

6-27-83 Opinion Rendered

HAP	Affirmed				
	Reversed				
	Affd. in Pt.		P.C.		Conc. Spec.
	Vacated		Signed		Dis.
	Dismissed		Rule 21		Dis. in Pt.

___ Opinion Withdrawn ___

7. REHEARING INFORMATION

___ Mot. for Ext. — Ext. to: ___

___ Mot. for Ext. — Ext. to: ___

JUL 11 1983 Petition for Rehearing (30) ✓

☑ Appellant(s) ☐ Appellee ☒ Reg. ☐ En Banc

___ Petition for Rehearing ___

☐ Appellant ☐ Appellee ☐ Reg. ☐ En Banc

___ Response of ___

___ Order Denying Rehearing ___ ☐ Dissenting

___ ☐ Opinion ss

___ ☐ Order on Petition for Rehearing ss

82-3004

TIONS

ion to or for:	Response Filed By	Date	Granted	Denied	By Court	By Clerk	Date
Mandamus							
Docket Appeal Out of Time							
Reinstate Appeal							
Stay Further Proceedings in CA							
Stay Pending Appeal [redacted]							
-82 Injunction Pending Appeal	2-22-82.	Appellee.		/	/		2-26-82 (C CDR-DMR)
Consolidate Appeals							
Leave to Appeal IFP							
Bail Pending Appeal							
Withdraw as Counsel							
Appointment of Counsel							
Leave to File Supp. Record							
Hearing on Original Record							
Hearing on Orig. Rec. & Typed Brief							
Leave to File Typed Brief							
Leave to File Brief in Excess Page [redacted]							
Dismiss by Appellant							
Dismiss by Appellee							
Amicus Curiae							
Leave to File Supp. Brief							
Stay of Mandate							
Recall of Mandate							
-82 Reply Brief-Appellee				X			10/7/82 E

ER DOCKET ENTRIES

82	Flg. appellees' letter dtd. 2/22/82 attaching copy of Judge Collins' order of 2/12/82 asking that it be made a part of their opposition to injunction. -[redacted].
12	Flg. appellants' motion to advance hearing-t[redacted] 2/24/82 at earliest practicable date pursuant to Local Rule 15.4. (SUBMIT TO SCREENING JUDGE)
82	Flg. appellees' motion for leave to file reply brief. (SUBMIT TO SCREENING JUDGE) L.I. 9/2-82
82	Flg. appellants' supplemental motion to advance hearing.
2	Flg. Order DENYING appellants' motion to expedite appeal. (PEH)
82.	Flg. Appellants motion to amend juristictional statement. GRANTED GFG (Ltr. to panel)
83	Flg. appellee's motion for recosndieration for leave to file reply brief/attached. [redacted] 2/25/83

CODE TO ENTRIES

- ARG – Argued
- CE – Clerk's Endorsement
- E – East Courtroom
- EB – En Banc Courtroom
- H – Hearing
- W – Handwritten
- J – Sent to Judge
- L – Large
- M – Mimeo or Offset
- P – Printed
- PT – Preliminary Type
- S – Small
- SB – See Section B
- Sub – Submitted
- T – Typed
- W – West Courtroom

MENT OR MANDATE INFORMATION

- Bill of Costs
- Flg. & Ents. Judgment
- Issg. Copy of Jdgt. to Bd & Cnsl.
- Jdgt. as Mdt. Issd. to Clerk
- Jdgt. as Mdt. Reissd. to Clerk
- Dismissal Issd. to Clerk
- Record on Appeal Retd. to Clerk
- Exhibits Retd. to Clerk
- _____
- _____
- Mandate Stayed to _____

11. SUPREME COURT INFORMATION No.

- _____ Preparing Proceedings on Certiorari
- _____ Preparing Supp. Proceedings on Cert.
- _____ Transmitting Orig. Exhibits to S.C.
- _____ Order of S.C. – Ext. to _____
- _____ Notice of Flg. of Cert. Pet. on _____
- _____ Order of S.C. ☐ Denied ☐ Granted _____
- _____ Notice of Denial of Pet. for Rehearing.
- ___ Opinion of S.C. dated _____
- ___ Judgment of S.C.
- ___ _____
- ___ _____

82-3004

Date	Filings: Proceedings
3/3/83	Flg. appellant's letter dtd. 3/3/83 in response to questions asked by the court during oral argument. (CE)
3/7/83	Flg. Appellee's letter dtd. 3/2/83 in response to questions asked by the court during oral argument. (CE)
/11/83	Flg. appellee's ltr. dtd. 3/9/83 responding to appellant's letter of 3/3/83. (J)
27/83	Flg. order DENYING appellees' motion for reconsideration of appellees' motion for leave to file reply brief (HAP).
14/83	Flg. ltr. dtd. 7/13/83 from cnsl for appellant requesting that wordin "request for re-hearing en banc" be eliminated in 1st paragraph of pan rehearing petition. (J)

EX-B.

TITLE: KORI CORP. -vs- WILCO MARSH BUGGYS AND DRAGLINES

82-3619

1. RECORD, EXHIBITS AND BRIEF INFORMATION	Filing:
	Partial Record or Cert List
01/24/83	Record on Appeal — No. of Vols. 4
	Supp. Record — No. of Vols.
	Second Supp. Record — No. of Vols.
	Third Supp. Record — No. of Vols.
1/26/83	Exhibits ☐ Env. ☐ Box ☐ Pkg. ☐ Roll
	Exhibits ☐ Env. ☐ Box ☐ Pkg. ☐ Roll
	Appendix ☐ (P) ☐ (M)
3-30-83	Record Excerpts ... FOR 7/15/83
	Supp. Certified List
	Briefing Notice Issued 1-5-83
03/15/83	Brief for Appellant (M) S.A. 3-15-83
	Brief for Appellant
	Brief for Appellant
	Brief for Cr. Appellant
7-13-83	Brief for Appellee (PET. JUL 22 1983 (IN)
	Brief for Appellee
	Brief for Appellee
	Brief for Cr. Appellee
	Reply Brief for Appellant
	Reply Brief for Cr. Appellant
	Supp. Brief for Appellant
	Supp. Brief for Appellee
	Brief for Amicus
	Intervenor
	Rule 28(j) letter—Appellant
	Rule 28(j) letter—Appellee

4. EXTENSION Pkg. Motion for:	Order Pld.	Ext. to:
1-1-83 Transcript		1-17-83
Transcript		
Transcript		
3-3-83 ✓ Appellant's Brief		3-15-83
Appellant's Brief		
Appellant's Brief		
4-15-83 ✓ Appellee's Brief GR 5/6		5-6-83
Appellee's Brief		
Appellee's Brief		
7-22-83 ✓ Reply Brief		8-31-83

5. CALENDAR INFORMATION

Special Panel

Summary Panel:

Case Assigned for ____ in ☐ EB ☐ W ☐ E ☐

Case Cont'd for Reassignment

Case Reassigned for ____ in ☐ EB ☐ W ☐ E ☐

Hearing Panel:

Case Argued ☐ by Appellant ☐ by Appellee

Case Sub. w/o Arg. ☐ by Appellant ☐ by Appellee

6. OPINION INFORMATION

Opinion Rendered

☐ Affirmed ☐

☐ Reversed

☐ Affd. in Pt. ☐ P.C. ☐ Conc. Spec.

☐ Vacated ☐ Signed ☐ Dis.

☐ Dismissed ☐ Rule 21 ☐ Dis. in Pt.

Opinion Withdrawn

MISCELLANEOUS FILINGS	Filing:
10/18/82 ✓	Dup. Notice of Appeal and Clerk's Statement of Docket Entries
	Papers Trans. from Misc. No.
	Order of DC Granting Appeal IFP
	Order of DC Appointing Counsel
	Affidavit of Financial Status
	CJA 20 Issd./Voucher Recd.

AGENCY REVIEW CASES	Filing:
	Petition for Review of Order ( ) of ☐ NLRB ☐ FERC ☐ ICC ☐
	Application for Enforcement—NLRB
	Answer to Application for Enforcement
	Cross Application for Enforcement

7. REHEARING INFORMATION

Mot. for Ext.—Ext. to:

Mot. for Ext.—Ext. to:

Petition for Rehearing ☐ Appellant ☐ Appellee ☐ Reg. ☐ En Banc

Petition for Rehearing ☐ Appellant ☐ Appellee ☐ Reg. ☐ En Banc

Response of

Order Denying Rehearing ☐ Dissenting

☐ Opinion SS

☐ Order on Petition for Rehearing SS

EXHIBIT C

82-3619

NO

8. MOTIONS

Filing Motion to or for:	Response Filed By	Date	Granted	Denied	By Court	By Clerk	Date
Mandamus							
Reinstate Appeal							
5-10-83 Stay Further Proceedings in CA			✓			66	5-11-83
Stay Pending Appeal							
Injunction Pend. ng Appeal							
Consolidate Appeals W/							
Leave to Appeal IFP							
Bail Pending Appeal							
Withdraw as Counsel							
Appointment of Counsel							
Supplement Record							
Expedite							
File Brief in Excess Pgs.							
File Brief in Excess Pgs.							
Dismiss by Appellant							
Dismiss by Appellee							
Amicus Curae							
File Supp. Brief							
Stay of Mandate							
Recall of Mandate							
Intervene							
Intervene							
File Reply Br. out of time							
8/10/83 Substitution of counsel			X			jp	8/10/83

9. OTHER DOCKET ENTRIES

7/28/83	Flg. appellants' motion to transfer and stay pending transfer to U. S. Court of Appeal for Federal Circuit and transmit record back to U. S. D. C., Eastern Dist., La. [redacted]

10. JUDGMENT OR MANDATE INFORMATION

- Bill of Costs
- Flg. & Entg Judgment
- Issg. Copy of Jdgt. to Bd & Cnsl.
- Mandate Stayed to
- Jdgt. as Mdt. Issd. to Clerk
- Jdgt as Mdt Revsd to Clerk
- Dismissal Issd to Clerk
- Record on Appeal Reld to Clerk
- Exhibits Reld to Clerk

11. SUPREME COURT INFORMATION

- Notice of Appeal to S.C.
- Preparing Proceedings on Certiorari
- Preparing Supp. Proceedings on Cert.
- Transmitting Orig. Exhibits to S.C.
- Order of S.C.—Ext. to
- Notice of Flg. of Cert. Pet. on
- Order of S.C. ☐ Denied ☐ Granted
- Notice of Denial of Pet. for Rehearing
- Opinion of S.C. dated
- Judgment of S.C.

CERTIFICATE OF INTERESTED PERSONS

The undersigned counsel of record for appellants, Wilco Marsh Buggies and Draglines, Inc., John M. Wilson, Sr., Dean R. Wilson and Robert J. Wilson, Jr., certifies that the following listed parties have an interest in the outcome of this case. These representations are made in order that the Judges of this Court may evaluate possible disqualification or recusal pursuant to Local Rule 13.6.1.

(1) Kori Corporation
Huey J. Rivet
Louis J. Woodson
Plaintiffs

(2) Wilco Marsh Buggies & Draglines, Inc.
John M. Wilson, Sr.
Robert J. Wilson, Jr.
Dean R. Wilson
Defendants

STATEMENT REGARDING ORAL ARGUMENT

Oral argument is requested due to the fact that the issues are of such significance as to deem such necessary.

STATEMENT OF JURISDICTION

This Honorable Court has jurisdiction over this appeal pursuant to 28 U.S.C.A., §1331.

EXHIBIT D

82-3619

In the
United States Court of Appeals
FOR THE FIFTH CIRCUIT

NO. 82-3619

KORI CORPORATION AND
HUEY J. RIVET

Appellees

versus

WILCO MARSH BUGGIES AND DRAGLINES, INC.,
JOHN M. WILSON, SR., DEAN R. WILSON,
AND ROBERT J. WILSON, JR.

Appellants

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF LOUISIANA
HON. ROBERT F. COLLINS, JUDGE

ORIGINAL BRIEF ON BEHALF OF
WILCO MARSH BUGGIES AND DRAGLINES, INC.,
JOHN M. WILSON, SR., DEAN R. WILSON,
AND ROBERT J. WILSON, JR.

NATHAN GREENBERG
Greenberg & Dallam
348 Second Street
P. O. Box 365
Gretna, Louisiana 70054
366-6491
ATTORNEY FOR APPELLANTS

EXHIBIT 2

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

KORI CORPORATION and HUEY J. RIVET	§	
V.	§	APPEAL NO. 82-3619
WILCO MARSH BUGGIES AND DRAGLINES, INC., JOHN M. WILSON, SR., DEAN R. WILSON, and ROBERT J. WILSON, JR.	§	

REPLY TO APPELLEES' OPPOSITION TO APPELLANTS' MOTION TO TRANSFER AND STAY PENDING TRANSFER TO UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND TRANSMIT RECORD BACK TO THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA

TO THE SAID HONORABLE COURT:

Now come Appellants and file this Reply to Appellees' Opposition to Appellants' Motion to Transfer and Stay Pending Transfer to United States Court of Appeals for the Federal Circuit and would show the Court as follows:

Appellees have made three statements in their opposition which require a reply by Appellants. First, Appellees suggest that 28 U.S.C. §1292(c)(2) deprives the United States Court of Appeals for the Federal Circuit (hereinafter the "CAFC") of jurisdiction over accounting or damages proceedings. Second Appellees argue that Appellants have failed to timely file their notice of appeal under Rule 3 of the Federal Rules of Appellate

Procedure (hereinafter "FRAP"). Finally, Appellees, apparently aware of the weakness in the latter two arguments, ask this Court to judicially engraft "an exception to 28 U.S.C. §1295 for patent appeals filed after October 1, 1982 which concern the accounting phase of extensive patent litigation..." As indicated below, each of Appellees' statements is without merit, and, as requested by Appellants, this appeal must be transferred to the CAFC.

I. THE CAFC HAS EXCLUSIVE JURISDICTION OVER APPEALS FROM JUDGMENTS ENTERED BY DISTRICT COURTS IN PATENT ACCOUNTING PROCEEDINGS.

Contrary to statements made by Appellees, 28 U.S.C. §1292(c)(2) does not deprive the CAFC of its exclusive jurisdiction over judgments entered by district courts in patent infringement accounting proceedings. Prior to enactment of the Federal Courts Improvement Act of 1982 (hereinafter the "1982 Act"), 28 U.S.C. §1292 provided for an interlocutory appeal from a district court's judgment on the issues of patent validity and infringement. The latter statute permitted an appeal to the respective regional circuit court of appeals even though a final judgment on all issues such as damages had not been entered. This is the typical bifurcated patent proceeding: one interlocutory decision is rendered on validity and infringement,

and one final decision is rendered on damages. Both decisions are appealable. Under the former law, the first was appealable under 28 U.S.C. §1292 and the second under 28 U.S.C. §1291 to the respective regional circuit court of appeals. After October 1, 1982, the effective date of the 1982 Act, the first is appealable under 28 U.S.C. §1292(c)(2) and the second is appealable under 28 U.S.C. §1295 to the CAFC.

As such, 28 U.S.C. §1292(c)(2) was not intended to eliminate jurisdiction of the CAFC over a final decision awarding damages, but was intended to retain the bifurcated procedure then in existence, and limit appeal over interlocutory decisions to the CAFC. The legislative history accompanying passage of the 1982 Act, in pertinent part, provides:

> Section 125 - Section 1292 of title 28, United States Code, currently gives regional courts of appeals jurisdiction of interlocutory orders of the district courts concerning injunctions and of judgments in civil actions for patent infringement which are final except for an accounting. Section 125 of the Bill amends this section to give the Court of Appeals of the Federal Circuit jurisdiction of interlocutory appeals in cases that will otherwise come to it on appeal.

Senate Report No. 97-275, 1982 U.S. Code Cong. & Ad. News 11, 28.

Accordingly, contrary to Appellees' statements, the only change effected by the 1982 Act in 28 U.S.C. §1292 was to insure, rather than eliminate, exclusive jurisdiction in the CAFC over all aspects of patent district court decisions.

II. APPELLANTS' NOTICE OF APPEAL WAS TIMELY FILED.

Appellees argue that if this Court is without jurisdiction, then this appeal must be dismissed (subject to a motion showing excusable neglect or good cause) for failure to file a timely notice of appeal with the CAFC. Appellants disagree. FRAP Rule 3(a) provides, in pertinent part, that:

> An appeal permitted by law as of right from a district court to a court of appeals shall be taken by filing a notice of appeal with the clerk of the district court within the time allowed by Rule 4.

There is no question that this requirement was met by Appellants. However, Appellants erroneously indicated, contrary to FRAP Rule 3(c), that this appeal was to be taken to the Court of Appeals for the Fifth Circuit, instead of the CAFC. Case law, prior to enactment of the 1982 Act, provides that the failure to indicate the proper court to which an appeal is to be taken is not the type of defect that should result in dismissal of an appeal. Instead, the appeal should be considered to have been timely filed and then transferred to the correct court. In Graves v. General Insurance Corp., 381 F.2d 517 (10th Cir. 1967), the court determined that appellant's notice of appeal was adequate although it specified that appeal was being taken to the Supreme Court of New Mexico instead of the Tenth Circuit.

Appellant's notice of appeal in Trivette v. New York Life Ins. Co., 270 F.2d 198 (6th Cir. 1959) which specified that appeal was being taken to the "Federal District Court of Appeals for the Sixth Circuit" instead of correctly indicating that appeal was being taken to the United States Court of Appeals for the Sixth Circuit, did not affect the Sixth Circuit's jurisdiction.

Appellants submit that all jurisdictional requisites were satisfied by timely filing the notice of appeal with the clerk of the proper district court. The failure to indicate the correct court of appeals should not be considered a jurisdictional defect. This position is supported by Rule 1(b) of the FRAP, which provides that the FRAP rules are not be construed to limit the jurisdiction of the courts of appeals and Rule 2, which provides that a court of appeals may suspend the requirements of any rule, such as Rule 3(c), on application of any party or on its own motion.

Further support for Appellants' position is found in the 1982 Act. On October 1, 1982, Section 301 of the 1982 Act provided for enactment of a new statute, 28 U.S.C. §1631, which provides:

> Transfer to cure want of jurisdiction
>
> Whenever a civil action is filed in a court as defined in section 610 of this title or an appeal, including a petition for review of

> administrative action, is noticed for or filed with such a court and that court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed, and the action or appeal shall proceed as if it had been filed in or noticed for the court to which it is transferred on the date upon which it was actually filed in or noticed for the court from which it is transferred.

Congress foresaw that problems might arise from the creation of specialized federal courts such as the CAFC and provided a vehicle for resolving these problems in the form of the latter statute. This statute employed broad language to accomodate any such problem. The Senate Committee Report explains:

> TITLE III - JURISDICTION AND PROCEDURE
>
> Transfer of Cases
>
> In recent years much confusion has been engendered by provisions of existing law that leave unclear which of two or more federal courts including courts at both the trial and appellate level - have subject matter jurisdiction over certain categories of civil actions. The problem has been particularly acute in the area of administrative law where misfilings and dual filings have become common place. The uncertainty in some statutes regarding which court has review authority creates an unnecessary risk that a litigant may find himself without a remedy because of a lawyer's error or a technicality of procedure.

> At present, the litigant's main protective device, absent an adequate transfer statute, is the wasteful and costly one of filing in two or more courts at the same time. This puts increased burdens on the courts as well as on the parties.
>
> Although most problems in this regard relate to controversies involving the district courts and the court of appeals, there also have been cases involving the Court of International Trade, and the Temporary Emergency Court of Appeals. Therefore, the language of Part A of Title III is broadly drafted to permit transfer between any two federal courts.

Senate Report No. 97-275, 1982 U.S. Code Cong. & Ad. News 11, 21.

> Further, the jurisdictional section of the CAFC should be read with section 301 of the proposed legislation. This latter section allows any Federal court which lacks jurisdiction over a matter to transfer the complaint or appeal to a proper court, in the same manner as if the complaint or appeal had been filed in that court in the first instance. This provision, therefore, will allow the CAFC to transfer cases to the proper circuit court, or vice versa.

Id. at 30.

> Section 301. - Because of the complexity of the Federal court system and of special jurisdictional provisions, a civil case may on occasion be mistakenly filed in a court - either trial or appellate - that does not have jurisdiction. By the time the error is discovered, the statute of limitations or a filing period may have expired. Moreover, additional expense is occasioned by having to file the case anew in the proper court.

> Section 301 adds a new chapter to title 28 that would authorize the court in which a case is improperly filed to transfer it to a court where subject matter jurisdiction is proper. The case would be treated by the transferee court as though it had been initially filed there on the date on which it was filed in the transferor court. The plaintiff will not have to pay any additional filing fees. This provision is broadly drafted to allow transfer between any two Federal courts. Although most problems of misfiling have occurred in the district and circuit courts, others have occurred in the Court of International Trade and the Temporary Emergency Court of Appeals. Some others may occur in the Court of Appeals for the Federal Circuit. The broadly drafted provisions of section 301 will help avoid all of these situations.

Id. at 40.

This is not a frivolous appeal. The trial court made serious errors of law, as well as fact, which require reversal in this case. Appellants' original counsel, Nathan Greenberg, was not a patent attorney and apparently was not aware of the 1982 Act. Appellants' present counsel is a patent attorney and has closely reviewed the record and the trial court's opinion. Serious errors of law abound. Appellants' rights should not be affected by errors of previous counsel. The CAFC has exclusive jurisdiction, and this appeal should be transferred - not dismissed.

III. THE CAFC HAS EXCLUSIVE JURISDICTION UNDER 28 U.S.C. §1295; THIS COURT SHOULD NOT RETAIN BY JUDICIAL FIAT JURISDICTION THAT CONGRESS HAS VESTED WITH THE CAFC.

Appellees, recognizing the weakness inherent in their earlier arguments, request that this Court extend its jurisdiction beyond that allocated by Congress and judicially create an exception to 28 U.S.C. §1295. However, Congress has spoken and specifically directed that the CAFC take exclusive jurisdiction of this appeal. Further, the legislative history accompanying the creation of the CAFC cautions the Federal courts against expanding their jurisdiction by judicial fiat and, in pertinent part, provides:

> Before discussing the court's jurisdiction, it needs repetition here that the Federal courts are courts of limited jurisdiction. There is no presumption in favor of jurisdiction, and the basis for jurisdiction always must be affirmatively shown. It is not sufficient that jurisdiction merely be inferred argumentatively. See, e.g., Hanford v. Davies, 163 U.S. 273 (1896). Thomas v. Board of Trustees of Ohio State Univ., 195 U.S. 207 (1904).
>
> ....

Senate Report No. 97-275, 1982 U.S. Code Cong. & Ad. News 11, 28-29.

> The Committee is concerned that the exclusive jurisdiction over patent claims of the new Federal Circuit not be manipulated. This

> measure is intended to alleviate the serious problems of forum shopping among the regional courts of appeals on patent claims by investing exclusive jurisdiction in one court of appeals. It is not intended to create forum shopping opportunities between the Federal Circuit and the regional courts of appeals on other claims.

Id. at 29-30.

> ....
>
> The Committee intends for the jurisdictional language to be construed in accordance with the objectives of the Act and these concerns.

Id. at 30.

Accordingly, this Court should strictly construe its jurisdiction and transfer this appeal to the CAFC.

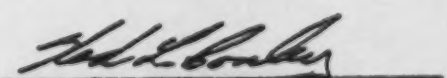
CONCLUSION

Congress has established a new court, the CAFC, and granted that court exclusive jurisdiction over all patent appeals. The CAFC was created to eliminate forum shopping and bring about uniformity of decision in patent cases. Continued decisions by regional circuit courts of appeals will defeat Congress' purpose. The triggering event for the CAFC's jurisdiction is the filing of a notice of appeal in a patent case after October 1, 1982. Congress envisioned the possibility that with specialized Federal courts, an appeal might be filed with

the wrong court and enacted 28 U.S.C. §1631 to resolve any such problems. Pursuant to 28 U.S.C. §1631, this Court should transfer this appeal to the CAFC.

WHEREFORE, PREMISES CONSIDERED, Appellants pray that this Court grant Appellants' Motion to Transfer and Stay Pending Transfer to United States Court of Appeals for the Federal Circuit and Transmit Record Back to the United States District Court for the Eastern District of Louisiana.

Respectfully submitted,

By: 

Ned L. Conley
BUTLER & BINION
Allied Bank Plaza
Houston, TX 77002
(713) 237-3195

ATTORNEYS IN CHARGE FOR
APPELLANTS

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing REPLY TO APPELLEES' OPPOSITION TO APPELLANTS' MOTION TO TRANSFER AND STAY PENDING TRANSFER TO UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND TRANSMIT RECORD BACK TO THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA has been forwarded to attorney in charge for Appellees, Mr. Thomas S. Keaty, Keaty & Keaty, 1818 International Trade Mart Building, 2 Canal Street, New Orleans, LA 70130, by first class mail, postage prepaid, this 25th day of August, 1983.

Ned L. Conley

263/4333/P

APPENDIX III—Continued

contempt. Rather, out of deference to the Legislature of the State of North Dakota, and its financial responsibility to the people of the State,

IT IS ORDERED that:

1. Plaintiffs shall receive interest on the fees and expenses previously allowed at the rate of 14% per annum from the date of allowance until paid.
2. Plaintiffs shall receive as additional allowable expenses, all lawful interest paid or incurred by their counsel to loaning agencies for operational loans made in an amount not exceeding the principal sum, from the date of allowance of the fees until payment of the full debt.

IT IS FURTHER ORDERED that as prevailing parties, Plaintiffs shall receive their costs and attorneys fees in this contempt proceeding.

IT IS FURTHER ORDERED that upon proof of non-payment of these and all other accrued fees by the conclusion of the next North Dakota Legislative Session, Plaintiffs shall be entitled to a writ of *fieri facias* directed against the appropriate officers and for satisfaction of the amounts then due.

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KEY NUMBER SYSTEM

KORI CORPORATION and Huey J. Rivet

v.

WILCO MARSH BUGGIES AND DRAGLINES, INC., John M. Wilson, Sr., Dean R. Wilson, and Robert J. Wilson, Jr.

Civ. A. No. 79-3636.

United States District Court, E.D. Louisiana.

Dec. 11, 1981.

On Damages Aug. 30, 1982.

Plaintiffs brought an action alleging infringement by defendants of patent No. 3,842,785, entitled "amphibious marsh craft," and defendants counterclaimed alleging that the patent was invalid. The District Court, Robert F. Collins, J., held that: (1) the patent satisfied the separate tests of novelty, utility, and nonobviousness and was valid; (2) defendants were willful infringers of the patent where they copied essential parts of the patented amphibious craft, knowing it to be patented and had no good-faith belief that the patent was invalid; (3) plaintiffs were entitled to pecuniary damages for the lost profits on the infringing machine sold for use outside of the United States, and for lost rental profits on infringing units which defendants rented for a profit; (4) plaintiffs were not entitled to prejudgment interest; (5) plaintiffs were entitled to an award of reasonable attorney fees and costs; and (6) plaintiffs were entitled to exemplary damages consisting of doubling the pecuniary damages awarded.

Judgment for plaintiffs.

1. Patents ⇐112.1, 312(1, 4)

Plaintiffs in action alleging infringement of a patent pertaining to amphibious marsh craft had burden of proof to establish, by preponderance of the evidence, that defendants' manufacture, use, and sale of amphibious craft infringed any of the claims of plaintiffs' patents; the patent was presumed valid, and burden of establishing invalidity of the patent or any claim thereof rested with defendants. 35 U.S.C.A. § 1 et seq.

2. Patents ⇐16.22

Patent No. 3,842,785, for an invention entitled "amphibious marsh craft," which concerned improved pontoontype endless track vehicle which will work in a swamp environment, satisfied separate tests of novelty, utility, and nonobviousness and was valid. 35 U.S.C.A. §§ 101–103.

3. Patents ⇐16(3)

An invention is patentable provided subject matter sought to be patented and prior art are such that the subject matter as a whole would not have been obvious at time the invention was made to a person having ordinary skill in the art to which said subject pertains. 35 U.S.C.A. § 103.

4. Patents ⇐26(2)

Test of nonobviousness of a patent is not whether individual elements were obvious at time of the invention but whether combination as a whole produced a new and different result which was not obvious. 35 U.S.C.A. § 103.

5. Patents ⇐26(1¼)

A combination is not rendered unpatentable by existence of its various elements separately in the prior art.

6. Patents ⇐72(1)

Anticipation is a technical defense in patent validity action which must meet strict standards; unless all same elements are found in substantially same situation and united in the same way to perform identical function in a single prior art reference, there is no anticipation. 35 U.S.C.A. §§ 101–103.

7. Patents ⇐157(1)

Patents are to be liberally construed so as to uphold and not destroy inventor's rights. 35 U.S.C.A. § 271.

8. Patents ⇐226, 226.7, 237

One form of patent infringement occurs when an accused device incorporates a teaching literally read; infringement also occurs when a device appropriates a prior invention by incorporating its innovative concept and, albeit with some modification and change, performs substantially the same function in substantially the same way to achieve substantially the same result; "doctrine of equivalent" shields inventor from such abuse. 35 U.S.C.A. § 271.

9. Patents ⇐226.5

Minor modification does not avoid infringement. 35 U.S.C.A. § 271.

10. Patents ⇐325.11(3)

Reasonable attorney's fees are awarded in patent infringement actions only in exceptional cases, as where defendant has willfully and deliberately infringed plaintiff's patent. 35 U.S.C.A. § 285.

11. Patents ⇐317, 325.11(3)

Patent No. 3,842,785, entitled "amphibious marsh craft," was willfully infringed by defendants where they copied essential parts of patented amphibious craft, knowing it to be patented and had no good-faith belief that the patent was invalid; patentee was entitled to an injunction and to award of reasonable attorney's fees. 35 U.S.C.A. §§ 271(b), 285.

12. Patents ⇐227

Belief by defendants of noninfringement or patent invalidity based upon careless disregard of the facts is not good-faith belief sufficient to negate conclusion that they have willfully infringed. 35 U.S.C.A. § 271.

On Damages

13. Patents ⇐319(1)

Reasonable royalty is only minimal standard used in computing damages for patent infringement; generally appropriate inquiry in determining amount of recovery is how much had patent holder and licensee suffered by the infringement, and it is only where patentee licensee fails to establish any pecuniary loss resulting from infringement that the court may resort to the reasonable royalty standard. 35 U.S.C.A. § 271.

14. Patents ⇐318(4)

In patent infringement action involving patent for an amphibious marsh craft, plaintiffs were entitled to pecuniary damages consisting of lost profits on infringing machines sold by defendants for use outside of the United States, measured by defendants' profits on sale of the infringing units, and to lost rental profits on infringing units which defendants rented for a profit. 35 U.S.C.A. § 271.

15. Interest ⇐39(2)

In patent infringement action, plaintiffs were not entitled to prejudgment interest in addition to lost profits damages in view of uncertainty as to the date when prejudgment interest should begin to run. 35 U.S.C.A. § 271.

16. Patents ⇐325.11(3)

In patent infringement action, plaintiffs were entitled to attorney fees and costs in the amount of $22,943. 35 U.S.C.A. § 271.

17. Patents ⇐319(2)

In patent infringement action, plaintiffs were entitled to exemplary damages

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consisting of doubling pecuniary damages awarded for lost profits on sales and rentals of infringing units, where defendants' conduct was intentional, willful, and with reckless disregard of plaintiffs' patent rights. 35 U.S.C.A. § 271.

Thomas S. Keaty, New Orleans, La., for plaintiff.

Nathan Greenberg, Gretna, La., for defendants.

OPINION

ROBERT F. COLLINS, District Judge.

This case was tried before the Court, sitting without a jury, on February 2, 1981 through February 6, 1981. Oral arguments were heard on February 20, 1981. The case was then taken under submission. After careful consideration of the evidence adduced at trial, the arguments of counsel, the submitted memoranda and materials, the relevant facts and the applicable law, the Court, pursuant to the provisions of Fed.R.Civ.P. 52, hereby makes the following FINDINGS OF FACT AND CONCLUSIONS OF LAW.

FINDINGS OF FACT

1.

The complaint in this action, filed September 20, 1979, alleges that:

(a) defendant Wilco Marsh Buggies and Draglines, Inc. is making, using, and selling "Amphibious Marsh Crafts" in the Eastern District of Louisiana in infringement of plaintiffs' United States Patent No. 3,842,785; and

(b) defendant Wilco Marsh Buggies and Draglines, Inc., through defendants, John M. Wilson, Sr., Dean R. Wilson, and Robert J. Wilson, Jr., obtained by unfair business practices confidential information and trade secrets pertaining to the manufacture and wholesale, retail, and use of the "Amphibious Marsh Craft" patented by Rivet U.S. Letters Patent 3,842,785 (hereinafter Rivet '785 patent).

2.

The complaint asks judgment of Seven Million and no/100 Dollars ($7,000,000.00), treble damages and interest, attorneys' fees, all costs and disbursements of the proceedings, all other just and equitable relief, injunctive relief against patent infringement and engaging in unfair trade practices, and a jury trial.

3.

Defendants answer, inter alia that:

(a) the patent in suit is invalid because it was issued in violation of the requirements of 35 U.S.C. §§ 101, 102(a) and 102(b);

(b) defendants do not infringe the patent in suit; and

(c) defendants did not obtain by unfair business practices confidential information and trade secrets belonging to plaintiffs pertaining to the subject matter of the patent in suit.

4.

Defendants counterclaim against plaintiffs alleging the following:

(a) the patent in suit was fraudulently procured in violation of 15 U.S.C. 1 *et seq.*;

(b) by attempting to assert rights under an illegal patent, plaintiffs have violated the anti-trust laws;

(c) the illegal actions of the plaintiffs have damaged defendants in the amount of $1,500,000.00, which defendants ask to be trebled pursuant to the anti-trust laws; and

(d) the allegations of obtaining trade secrets by unfair business practices have libeled defendants and entitled them to damages in accordance with law.

5.

Trial by jury has been waived by plaintiffs and defendants.

The Parties

6.

Plaintiff Huey J. Rivet is the inventor named in the patent in suit.

7.

Plaintiff Louis Woodson, by written instruments dated January 15, 1978 and November 11, 1979, is named as the exclusive licensee under the patent in suit and the assignee of an undivided one-half interest in the same patent, respectively. Both documents have been recorded in the United States Patent and Trademark Office.

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8.

Plaintiff Kori Corporation (hereinafter Kori), a Louisiana corporation, is named as a non-exclusive licensee under the patent in suit.

9.

Defendant Wilco Marsh Buggies and Draglines, Inc. (hereinafter Wilco) is a Louisiana corporation.

10.

Defendants John M. Wilson, Sr., Dean R. Wilson, and Robert J. Wilson, Jr. are the sole shareholders of defendant Wilco.

The Patent In Suit

11.

The Rivet '785 patent was issued on October 22, 1974 to Huey J. Rivet for an invention entitled "Amphibious Marsh Craft" and will expire October 22, 1991.

12.

The Rivet '785 patent concerns an improved pontoon-type endless track vehicle which will work in a swamp environment, carrying heavy loads up to sixty tons over tree stumps and other foreign objects.

13.

The patent has never been adjudicated.

14.

The patent contains seven claims. Claim 1 describes an amphibious craft comprising: "a pair of space elongated pontoons, each pontoon comprising a primary buoyant closed wall structure, having a top and bottom and having a substantially uniform vertical height over at least half its length measured from rear to front; vertical bulkheads spaced along the length of said pontoons adding rigidity to the pontoon and defining a plurality of separate buoyant chambers within the pontoon; a plurality of spaced I-beams welded to the bottom of the pontoons transversely of the pontoons between said vertical bulkheads over the length of said pontoon; at least two primary channel means on the top and bottom of the pontoon; endless drive chains carried in each of said channel means; channel shaped drive cleats secured to and extending between said chains; plastic support blocks secured to the web of said cleats intermediate the drive chains and positioned to bear against the top and bottom of each pontoon; drive means for driving the endless chains; and I-beam spacer means welded to said pontoons at the top and rigidly interconnecting said pontoons fore and aft in substantially parallel relation."

15.

Claims 2 to 5 of the patent in suit depend from claim 1 and contain all of its limitations.

16.

In addition to the limitations of claim 1, claim 2 contains further limitation of requiring a: "secondary channel means intermediate said primary channel means on the pontoons running longitudinally along the top and bottom of each pontoon with the flanges directed outwardly, the area between said flanges on the channels being filled with a low coefficient of friction plastic material against which the plastic support blocks on said cleats will bear and slide."

17.

In addition to the limitations of claims 1 and 2, claim 3 contains the further limitation of requiring "said plastic support blocks are of a low coefficient of friction plastic."

18.

In addition to the limitations of claims 1, 2 and 3, claim 4 contains the further limitation of requiring "endless drive chain sprockets secured to shafts mounted proximate the top of each pontoon in a free floating bearing assembly said endless drive chains meshing with said sprockets and being drivingly connected to said drive means."

19.

In addition to the limitations of claims 1, 2, 3 and 4, claim 5 contains the further limitation of requiring that "said drive means is a separate hydraulic motor for driving the endless tracks of each pontoon."

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20.

Claim 6 is an independent claim which describes for use with an amphibious craft having a pair of spaced elongated pontoons over which pass endless track propulsion members having channel shaped driving cleats with the side flanges directed away from the pontoons: "an anti-friction load transfer system comprising at least one longitudinal channel member secured to the underside of the pontoon with its flanges directed away from the pontoons, an anti-friction load transfer system comprising at least one longitudinal channel member secured to the underside of the pontoon with its flanges directed away from the pontoon, plastic filler between said flanges, and plastic support blocks secured to the back side of said cleats over the plastic filler in the longitudinal channels on the underside of the pontoons to provide a local bearing surface having a minimum coefficient of friction between the pontoon and driving cleats."

21.

In addition to the limitations of claim 6, claim 7 contains the further limitation of requiring "the plastic filler and plastic blocks are of the group of epoxy, teflon, nylon and polypropylene."

Background on the Development of Commercial Vehicles for Use in Marsh Lands

22.

The first amphibious craft of commercial utility in the marshes was patented by Frank Reynolds as U.S. Patent No. 2,546,523, issued August 20, 1947.

23.

In the 1940's and early 1950's, "Reynolds-type" marsh crafts were used solely for seismic work which included light work, such as the carrying of seismic survey crews into the Louisiana marsh in their hunt for oil and gas.

24.

During this same period, Hershal A. "Pug" Morris and Douglas T. Ritchie were among the early commercial users of marsh craft beginning the industry in Louisiana by manufacturing, leasing, and using devices based upon the Reynolds patent.

25.

A marsh craft was first used in pipeline construction in the early 1950's by Ritchie who placed a small dragline on a set of Reynolds-type pontoons and began doing light pipeline work in the treeless Louisiana marsh.

26.

The equipment produced by Ritchie and the equipment of similar marsh craft manufacturers, contractors, and users were restricted solely to the treeless marsh environment, because cyprus and tree stumps were very dangerous for the Reynolds-type marsh craft or "marsh buggies."

27.

None of the crafts manufactured by Ritchie from the 1940's to the early 1970's was capable of working in treed swamp and supporting heavy uppers which are used in pipeline construction.

28.

In about the early 1950's, Ritchie developed a marsh machine. He applied for a patent for that machine, but the patent application was denied.

29.

In attempting to solve the problems posed by stumpy swamp lands, Ritchie built smaller marsh machines and installed a backhoe on his machines. Even these machines, however, were unsuccessful in traversing tree stumped marsh lands.

30.

From the late 1940's, starting with the invention of the Reynolds marsh craft, until the early 1970's, the oil and gas industry sought to devise an effective method for digging a pipeline ditch in a treed swamp region.

31.

During this period, conventional earth moving equipment, such as backhoes, draglines, and the like, were mounted on timber mats and used to dig the pipeline by first clearing away tree stumps.

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32.

The matting of machines was a highly inefficient means for digging pipeline ditch, since machines had to be matted into the job site and matted out of the job site and could only move from one spot to the next by transferring a mat to the location where the machine was next destined to move.

33.

The use of mats was hazardous to both equipment and operator, since the metal bottomed machines would become quite muddy and would often slip off of the mats if not expertly operated.

34.

The use of mats supporting conventional equipment was expensive and often resulted in the holding up of a job because mats would become damaged and replacement of these mats often took days or weeks.

35.

The use of Reynolds-type marsh craft to dig pipeline right-of-way in even a treeless marsh environment was so hard on these early machines that it was common practice to have two or three times the number of machines that normally would be required as backups when breakdowns occurred.

36.

The industry needed an amphibious craft which could operate in a swampy treed environment for long periods of time without excessive damage or breakdown and could support heavy upper machinery such as backhoes, hydraulic tree cutters, draglines and the like.

37.

As late as 1971, plaintiff Huey J. Rivet used mat machines on a long pipeline from Collins, Mississippi to Chalmette, Louisiana. When Rivet began to lose money on this job because his matted machines and Reynolds-type amphibious crafts were constantly breaking down, he experimented with the Reynolds craft to create a machine that was capable of working for long periods of time, without excessive repairs, in a tree swamp environment while carrying the heavy upper used in pipeline construction.

38.

Rivet applied for a patent on his "Amphibious Marsh Craft" and on October 22, 1974 he was issued United States Patent No. 3,842,785, which is the subject of this lawsuit. (*See* Findings of Fact No. 14—No. 21, infra, for a more detailed description of the Rivet invention.)

39.

The Rivet invention was designed to perform certain functions which no other machine, prior to the Rivet invention, was capable of doing.

40.

The Rivet invention was designed to be structurally stronger and having a higher watertight integrity over prior art type amphibious craft, the craft being capable of supporting and carrying into treed swamp environment heavy loads such as draglines, hydraulic tree cutters, backhoes and the like.

41.

The Rivet invention was designed to have the ability to support its heavy work load even when walking over tree stumps in a swamp environment, and being further able to resist the torsional or twisting stresses which opened welds of the pontoons of previous craft causing flooding and loss of buoyancy.

42.

The Rivet invention was designed to resist bending, buckling, twisting and cracking of the plate weldments. It was designed to allow the vehicle to operate for prolonged periods of time in a treed stump swamp environment without damage to its structure.

43.

The Rivet invention was designed as a rugged buoyant structure which could support in water, marsh, land, or in a treed stump environment heavy loads of up to sixty tons, including the mounting on the top of the "lowers," or pontoon structure, heavy duty construction equipment such as draglines, tree cutters, backhoes, and the like.

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44.

The Rivet invention is structurally superior to the Reynolds marsh craft for three reasons:

(a) vertical bulkheads spaced along the length of the pontoons, adding to the rigidity of the pontoons and creating a plurality of separate buoyant chambers within the pontoon;

(b) a plurality of spaced I-beams welded to the bottom of the pontoons, again adding rigidity to the pontoons; and

(c) plastic support blocks to the web of the cleats to prevent puncture of the pontoons.

45.

Ritchie experimented with plastic blocks to support cleats and prevent bending on some light marsh vehicles in about 1970. This experimentation, however, did not solve the problem of working in a tree stump environment, because stumps could still damage the Reynolds-type pontoon construction used by Ritchie.

46.

In swamp pipeline construction, there is no longer any need for matting or the use of barges for crossing swamps and canals after the introduction of the Rivet craft.

47.

The Rivet Amphibious Marsh Craft was successful in accomplishing its unique objectives, and it proved to be a commercial success as well.

48.

Since the licensing of the patent in suit to Louis Woodson and Kori, the commercial success achieved through the use of the patented craft has been maintained by Kori in the digging and backfilling of pipeline right-of-ways through Louisiana swamp land.

The Patent Infringement

49.

Robert J. Wilson, Sr., father of the three individual defendants, was employed in early 1974 by Rivet as a contract welder.

50.

As a contract welder for Rivet, Robert J. Wilson, Sr. received instructions as to the fabrication of pontoons which were the subject at that time of a patent application by Rivet, the application later maturing into the Rivet '785 patent.

51.

During his employment by Rivet, Robert J. Wilson, Sr. was shown by Rivet's shop foreman, Pat Madere, the exact construction of the Rivet pontoon construction including assembly details, such as sizing, cutting and placement of I-beams, the spacing and dimensions of bulkheads, the assembly of the pontoons, and the placement of welds.

52.

After terminating his employment with Rivet, Robert J. Wilson, Sr. moved and began building a set of pontoons following the format he had learned during his employment by Rivet.

53.

In June of 1974, the three individual defendants, John M. Wilson, Sr., Dean R. Wilson and Robert J. Wilson, Jr., incorporated defendant corporation Wilco.

54.

In June of 1974, Robert J. Wilson, Sr. began an employment as an independent contractor with the defendants by manufacturing pontoons of the same construction as he learned while being employed by Rivet.

55.

After Rivet obtained his patent, and after his amphibious marsh craft had become commercially successful, he was approached by Harold Tassin, Jr., who wanted a Reynolds-type machine renovated using the patented Rivet construction.

56.

Tassin paid Rivet royalties of approximately $10,000.00 to add the pontoon structure taught by the patent as well as the support blocks and longitudinal channels.

57.

The Tassin machine was subsequently sold in about 1975 to Wilco, which further

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taught the defendants the patented construction. When Tassin sold this machine embodying the patented construction to defendants, he told the defendants of the existence of the Rivet patent covering the renovated machine.

58.

Defendant Dean Wilson has, on several occasions prior to the first infringing construction by defendants, indicated his knowledge of the patent. Dean Wilson ordered copies of the Rivet patent and repeatedly indicated his willful intent to infringe the patent notwithstanding consequences.

59.

Defendant Dean Wilson visited plaintiff Louis Woodson in his office in Lafayette, where Dean Wilson informed Woodson that he (Dean Wilson) had obtained copies of the Rivet patent and was building equipment identical to that of plaintiff Kori.

60.

When Woodson raised the infringement of the Rivet patent and the possibility of a license under the patent, Dean Wilson "offered" Woodson a chance to buy him out for approximately One Million and no/100 Dollars ($1,000,000.00).

61.

In September of 1977, Dean Wilson and John Nowlin, General Manager of Kori, met and discussed the patent at the Kori facility, at which time Dean Wilson indicated he had ordered copies of the patent and that he felt the patent was invalid. Nowlin responded that the patent would be enforced.

62.

In early 1978, Madere, a shop foreman for Kori, visited the Wilco facility and saw the construction by Wilco of a machine similar to the Rivet invention, including the placement of transverse I-beams in the bottom of the hull, the spaced bulkheads, the longitudinal channels, the plastic support blocks, and the entire patented combination being included in this manufacture.

63.

In May, 1978, Dean Wilson showed Nowlin the newly manufactured Wilco machine at the Wilco facility in Harvey, Louisiana. The Wilco machine viewed by Nowlin was a substantial copy of the Kori Drott Backhoe machines, having all of the elements of the patented combination and, indeed, being cosmetically identical including an identical paint job.

64.

Following the filing of this patent infringement action against defendants by plaintiffs, defendants have manufactured and sold at least the following amphibious craft constructed in accordance with defendants' shop drawings produced at trial:

Bucyrus Erie	Sold to Oceanic Marine Contractors	$260,000
Bucyrus Erie	Sold to Oceanic Marine Contractors	$260,000
Personnel Carrier	Sold to Oceanic Marine Contractors	$ 58,000
Little Giant Marsh Swamp Dragline		$250,000
Swamp-type Carrier Dragline	Sold to Marine Contractors	$196,000
Bucyrus Erie Backhoe	Sold to Marine Contractors	$250,000
Bucyrus Erie Backhoe	Sold to Marine Contractors	$256,000
Personnel Carrier	Sold to Marine Contractors	$ 60,000
Personnel Carrier	Sold to Marine Contractors	$ 70,000

65.

Defendants' structures are equivalent to the Rivet Amphibious Marsh Craft of claims 1 through 5.

66.

In rebuttal, the defendants have attempted to establish the existence of a prior art for various elements or parts of the Rivet '785 patent: United States patent No. 1,161,267 to W.T. Taylor (disclosing an amphibious craft having a pair of elongated pontoons); United States patent to Powell No. 2,223,855 (disclosing reinforcing and strengthening braces); United States patents to MacDonald No. 458,473, Dunn No. 974,779, Chilton No. 1,564,826, Cooper No. 2,375,973, Lanser No. 2,507,912, Anthony

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No. 2,547,146, McAleer No. 2,743,694, Greenwood No. 3,304,900, Rainu No. 3,547,062, and Shader No. 3,807,338 (disclosing bulkheads which divide interior of the hull); United States patents to Hayden No. 1,992,913, Blount No. 2,560,153, Landes No. 3,206,421, Jankins No. 3,215,114, and Lanning No. 3,646,904 (disclosing interconnection of two pontoons by beams extending between the tops of the pontoons); United States patents to Gay No. 1,084,207, Mosca No. 1,230,014, Law No. 2,206,966, Miller No. 1,635,854, Hurthig No. 2,756,830, Gaskins No. 1,822,965, Roebling No. 2,138,207 and Van Slyke No. 3,131,781 (disclosing two channel means on the top and bottom of pontoons, or the structural and functional equivalent of pontoons with endless chain in each channel); and United States patent to Miller No. 1,635,854 (disclosing drive means for the endless chains).

67.

Defendants failed to establish any prior art which disclosed all, or substantially all, of the elements claimed under the Rivet '785 patent.

68.

Professor James Gambrell, an expert on patent law, gave his opinion that the Rivet '785 patent complies with all the specifications and claims required by federal law. The Court finds that Professor Gambrell's testimony is credible and convincing.

69.

To the extent that these Findings of Fact constitute Conclusions of Law, they are specifically adopted as both FINDINGS OF FACT AND CONCLUSIONS OF LAW.

CONCLUSIONS OF LAW

1.

This is a patent suit brought under the Patent Act, 35 U.S.C. § 1 *et seq.* (hereinafter the Patent Act). This Court has jurisdiction of the parties and of the subject matter of this action by virtue of 28 U.S.C. §§ 1338, 2201. There is actual controversy between the parties concerning the subject matter of this action, 28 U.S.C. § 2201. Venue is proper as required by 28 U.S.C. § 1400(b).

2.

[1] The plaintiffs have the burden of proof to establish, by a preponderance of the evidence, that defendants' manufacture, use, and sale of amphibious craft have infringed any on the claims of the Rivet '785 patent. *Moore v. Schultz*, 491 F.2d 294, 298 (10th Cir.), *cert. denied* 419 U.S. 980, 95 S.Ct. 208, 42 L.Ed.2d 161 (1974).

3.

The Rivet '785 patent is presumed valid. The burden of establishing invalidity of the patent or any claim thereof shall rest with the defendants. *Radio Corp. of America v. Radio Engineering Lab., Inc.*, 293 U.S. 1, 7, 54 S.Ct. 752, 756, 78 L.Ed. 1453 (1934); *Continental Oil Company v. Cole*, 634 F.2d 188, 195 (5th Cir.1981); *Ingersoll-Rand Co. v. Brunner & Lay, Inc.*, 474 F.2d 491 (5th Cir.1973); *Van Gorp Manufacturing, Inc. v. Townley Industrial Plastics, Inc.*, 464 F.2d 16, 17 (5th Cir.1972).

4.

The defendants bear a heavy burden of proof to establish the invalidity or unenforceability of the Rivet '785 patent. The Courts have variously recognized this burden to be akin to the fraud standard of clear and convincing evidence and to the criminal law standard of proof beyond a reasonable doubt, but, at a minimum, greater than a mere preponderance of the evidence. *Ingersoll-Rand Co. v. Brunner & Lay, Inc.*, 474 F.2d 491, 496 (5th Cir.), *cert. denied*, 414 U.S. 865, 94 S.Ct. 125, 38 L.Ed.2d 117 (1973) (citing *Hobbs v. United States Atomic Energy Commission*, 451 F.2d 849 (5th Cir.1971); *Stamicarbon N.V. v. Escambia Chemical Corp.*, 430 F.2d 920 (5th Cir.), *cert. denied*, 400 U.S. 944, 91 S.Ct. 245, 27 L.Ed.2d 248 (1970)).

5.

The Patent Act sets forth three conditions of patentability: novelty, utility and non-obviousness. 35 U.S.C. §§ 101–103.

6.

[2] The Rivet '785 patent satisfies the separate tests of novelty, utility, and non-

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obviousness and is valid. *United States v. Adams*, 383 U.S. 39, 48, 86 S.Ct. 708, 712, 15 L.Ed.2d 572 (1966); *Gaddis v. Calgon Corp.*, 506 F.2d 880, 884 (5th Cir.1975).

7.

[3] An invention is patentable provided the subject matter sought to be patented and the prior art are such that the subject matter as a whole would not have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject pertains. 35 U.S.C. § 103; *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 280, 96 S.Ct. 1532, 1536, 47 L.Ed.2d 784 (1976); *Graham v. John Deere Co.*, 383 U.S. 1, 17, 86 S.Ct. 684, 693, 15 L.Ed.2d 545 (1966); *Continental Oil Company v. Cole*, *supra*.

8.

[4] The test of non-obviousness is not whether the individual elements were obvious at the time of the invention but whether the combination as a whole produced a new and different result which was not obvious. *U.S. v. Adams*, *supra*, 86 S.Ct. at 714–715; *Continental Oil Company v. Cole*, *supra* at 197.

9.

A combination of elements and parts may result in an effect greater than the sum of the several effects taken separately. Such a synergistic result is strong if not conclusive evidence of non-obviousness. *Van Gorp Manufacturing, Inc. v. Townley Industrial Plastics, Inc.*, *supra* at 20.

10.

The subject matter as a whole, of the invention defined in claims 1 through 7 of the Rivet '735 patent, would not have been obvious at the time the invention was made to one having ordinary skill in the art of amphibious craft.

11.

Claims 1 through 7 of the Rivet '735 patent express the novel concept constituting the invention and such concept is set forth in terms of a combination of elements and the cooperative physical relationship. The specifications and claims comply with the requirements of 35 U.S.C. § 112.

12.

[5] A combination is not rendered unpatentable by the existence of its various elements separately in the prior art. *Bates v. Coe*, 98 U.S. 31, 48, 25 L.Ed. 68 (1878); *Imhaeuser v. Buerk*, 101 U.S. 647, 660, 25 L.Ed. 945 (1880).

13.

[6] Anticipation is a technical defense which must meet strict standards. Unless all the same elements are found in substantially the same situation and united in the same way to perform the identical function in a single prior art reference, there is no anticipation. *Continental Oil Company v. Cole*, *supra* at 195; *Hughes Tool Co. v. Ingersoll-Rand Co.*, 437 F.2d 1106, 1108 (5th Cir.) cert. *denied*, 403 U.S. 918, 91 S.Ct. 2230, 29 L.Ed.2d 696 (1971); *Tights, Inc. v. Acme-McCrary Corp.*, 541 F.2d 1047, 1056 (4th Cir.), cert. *denied*, 429 U.S. 980, 97 S.Ct. 493, 50 L.Ed.2d 589 (1976).

14.

None of the prior art, including the Reynolds-type marsh craft, the machines developed by Ritchie, and all the patents cited in Findings of Fact No. 66, combined the same elements of the Rivet '735 patent in substantially the same situation so as to perform the unique functions of the Rivet invention.

15.

The defendants have not shown by clear and convincing evidence that the invention of the patent in suit was anticipated by any prior public use or sale. *Barbed Wire Patent*, 143 U.S. 275, 284, 12 S.Ct. 444, 447, 36 L.Ed. 154 (1892); *Southern Implement Manufacturing Co. v. McLemore*, 350 F.2d 344, 349–50 (5th Cir.1965).

16.

Hence, claims 1 through 7, being all the claims of the Rivet '735 patent are not anticipated by the prior art and are valid.

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17.

Infringement is the unauthorized making, using, or selling for use or profit of an invention covered by a valid claim of a patent during the life of the patent. 35 U.S.C. § 271.

18.

[7] Patents are to be liberally construed so as to uphold and not destroy the inventor's rights. *Elbel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 63, 43 S.Ct. 322, 328, 67 L.Ed. 523 (1923); *Keystone Manufacturing Co. v. Adams*, 151 U.S. 139, 144–145, 14 S.Ct. 295, 297, 38 L.Ed. 103 (1894).

19.

[8] One form of infringement occurs when an accused device incorporates a teaching literally read. An infringement also occurs when a device appropriates a prior invention by incorporating its innovative concept and, albeit with some modification and change, performs substantially the same function in substantially the same way to achieve substantially the same result. The "doctrine of equivalent" shields the inventor from such abuse. *Continental Oil Co. v. Cole*, supra at 191.

20.

The determination of equivalency involves an examination of the scope prior art, the essence or "heart" of the invention disclosed and the step forward the invention offers. *Id.*

21.

A patent such as the Rivet '785 patent, an invention which possesses characteristics of novelty and importance so as to mark a distinct step in the art's progress, and offers a viable alternative to the prior art device for the first time, is a pioneer patent, making liberal construction of its breadth under the doctrine of equivalents appropriate. *Id.*

22.

[9] Minor modification does not avoid infringement. *Graver Manufacturing Co. v. Linde Co.*, 339 U.S. 605, 607, 70 S.Ct. 854, 855, 94 L.Ed. 1097 (1950); *Continental Oil Co. v. Cole*, supra at 197.

23.

Defendants, by actively inducing infringement of the Rivet '785 patent are liable as infringers. 35 U.S.C. § 271(b).

24.

The defendants' device is the equivalent in function and operation of the Rivet '785 patent.

25.

[10] Reasonable attorneys' fees are awarded in patent infringement actions only in exceptional cases, as where defendant has willfully and deliberately infringed plaintiff's patent, 35 U.S.C. § 285; *Jenn-Air Corp. v. Penn Ventilator Company, Inc.*, 394 F.Supp. 665, 673–74 (E.D.Pa.1975); *Photon, Inc. v. Eltra Corp.*, 308 F.Supp. 133, 146 (N.D.Ill.1969); *Mott Corp. v. Sunflower Industries, Inc.*, 257 F.Supp. 14, 17 (D.Kan. 1964).

26.

[11] Having copied these essential parts of the patented amphibious craft, knowing the same to be patented and having no good faith belief that the patent is invalid, defendants are willful infringers. *Solex Laboratories, Inc. v. Graham*, 165 F.Supp. 428, 437 (S.D.Cal.1958).

27.

[12] A belief by defendants of non-infringement or patent invalidity based upon a careless disregard of the facts is not a good faith belief sufficient to negate a conclusion that they have willfully infringed. *Russel Box Co. v. Grant Paper Box Co.*, 203 F.2d 177, 183 (1st Cir.), cert. denied, 346 U.S. 821, 74 S.Ct. 37, 98 L.Ed. 347 (1953); *K.W. Ignition Co. v. Temco Electric Motor Co.*, 283 F. 873, 880 (6th Cir.), cert. denied, 260 U.S. 746, 43 S.Ct. 247, 67 L.Ed. 493 (1922).

28.

Upon a determination of validity, infringement, and enforceability, a patentee

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is entitled to an injunction when in accordance with the principles of equity, 35 U.S.C. § 283; *Arthur J. Schmitt Found v. Stockham Valves & Fittings, Inc.*, 292 F.Supp. 898 (N.D.Ala.1966), aff'd, 404 F.2d 13 (5th Cir.1968), cert. denied, 396 U.S. 965, 90 S.Ct. 2177, 26 L.Ed.2d 549 (1970) ... and, in the discretion of the Court in an exceptional case, to an award of reasonable attorneys' fees, 35 U.S.C. § 285; *Livesay Window Co. v. Livesay Industries, Inc.*, 251 F.2d 469 (5th Cir.1958).

29.

The Rivet '785 patent in suit is valid, infringed, and enforceable as to all claims in issue.

30.

Plaintiffs are entitled to an injunction.

31.

Plaintiffs are entitled to recover damages.

32.

Plaintiffs are entitled to recover costs.

33.

Plaintiffs are entitled to an award of reasonable attorneys' fees.

MEMORANDUM OPINION

On Damages

Pursuant to the Judgment, dated December 11, 1981, entered in favor of the plaintiffs, Kori Corporation and Huey J. Rivet, and against defendants, Wilco Marsh Buggies and Draglines, Inc., John M. Wilson, Sr., Dean R. Wilson, and Robert J. Wilson, Jr., the above entitled matter came on for a hearing on damages suffered by said plaintiffs as a result of the infringement by said defendants. After careful consideration of the evidence adduced at trial and at the accounting hearing, the arguments of counsel, the submitted memoranda and materials, the relevant facts and the applicable law, the Court will and hereby does render its Opinion on the issue of damages.

In its Opinion dated December 11, 1981, this Court found as a matter of law that the patent issued to plaintiff Huey J. Rivet, United States Patent No. 3,842,785 (hereinafter Rivet '785 patent), was valid (Conclusion of Law No. 16), that the devices manufactured by the defendants infringed upon the Rivet '785 patent as being the equivalent in function and operation of the patent (Conclusion of Law No. 24), and that the defendants, by actively inducing infringement of the Rivet '785 patent, are liable as infringers (Conclusion of Law No. 23). Issues now before the Court concern the pecuniary damages, prejudgment interest, attorneys' fees, and exemplary damages that plaintiffs are entitled to recover.

Pecuniary Damages

The measure of recovery for patent infringement is founded upon 35 U.S.C. § 284, which provides in pertinent part:

> Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

In this case, plaintiffs seek to recover as damages the profit derived from the sale of six infringing units as well as profits from the rental of other infringing units. The defendants contend that a reasonable royalty is the appropriate measure of damages. In order to resolve the controversy concerning the measure of damages, it is necessary to briefly recapitulate some of the factual background relevant to the issue of damages.

In the course of his association with the oil and gas exploration and development industry, Rivet realized that marsh vehicles, designed in accordance with the now expired Reynolds patent, were grossly inadequate to do heavy pipe laying work in a treed swamp environment. The pontoon structure of the Reynolds-type marsh buggies were often punctured and battered by the hostile treed swamp terrain, resulting in machine breakdowns and necessitating costly backup machinery and parts. Other equipment had to be matted into the job site which was a time-consuming and ineffi-

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cient method of moving equipment. In short, pipe layers were attempting to "make do" with marsh equipment which was not designed to do heavy work in a treed swamp environment. Rivet sought to design a machine capable of successfully traversing waterways, marsh lands, and treed swamps. The fruit of his endeavor is set forth in the Rivet '785 patent and without going into any technical detail, the essential elements of the Rivet patent include: 1) increasing the structural integrity of the pontoon; 2) creating separate chambers within the pontoon to limit loss of buoyancy when the pontoon is punctured; 3) using plastic support blocks to prevent puncture of the pontoon. The Rivet invention, like the Reynolds invention, is amphibious and can navigate waterways and marsh lands. The advantage of the Rivet invention is that it is specifically designed to do heavy work in the rugged treed swamp without mats, breakdowns, or serious structural damage. Rivet has granted an exclusive license to Louis Woodson and Kori Corporation to manufacture machines in accordance with the Rivet '785 patent. Kori has the facilities, manpower, and capital financing to manufacture the Rivet craft and, in fact, does manufacture these machines for use and sale primarily on pipe laying projects. Kori does not sell its machines to domestic customers because these purchasers are generally Kori's competitors in the pipe laying business. Instead, Kori bids on pipe laying projects and builds or uses machines on hand for these projects. Kori only rents machines for use domestically; however, it will sell machines for use outside of the United States.

The defendants acquired the Rivet technology through Robert J. Wilson, Sr., father of the individual defendants, who was employed by Rivet as a contract welder and also through the purchase of a machine which had been renovated using the patented Rivet construction. The defendants obtained copies of the Rivet patent and proceeded to build equipment substantially identical to Rivet machines produced by Kori. Since 1977, the defendants have built at least twelve machines which infringe upon the patent.

[13] Under the present statutory rule, plaintiffs are entitled to recover damages in the amount of the pecuniary loss they have suffered as a result of the infringement, and in no case less than a reasonable royalty. *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 505–07, 84 S.Ct. 1526, 1542–43, 12 L.Ed.2d 457 (1964). Defendants have consistently maintained that damages should only be awarded in the amount of a reasonable royalty. The statutory language and the relevant jurisprudence, however, clearly dictate that a reasonable royalty is only the minimal standard used in computing damages for patent infringement. Generally, the appropriate inquiry in determining the amount of recovery is "how much had the Patent Holder and Licensee suffered by the infringement. And that question [is] primarily: had the Infringer not infringed, what would Patent Holder-Licensee have made?" *Aro Manufacturing Co., Inc. v. Convertible Top Replacement Co., Inc.*, *supra*, at 507, 84 S.Ct. at 1543 (quoting from *Livesay Window Co. v. Livesay Industries, Inc.*, 251 F.2d 469, 471 (5th Cir.1958)). It is only where the patentee-licensee fails to establish any pecuniary loss resulting from infringement that the court may resort to the reasonable royalty standard. *See e.g. Foster v. American Machine & Foundry Co.*, 492 F.2d 1317 (2d Cir.), cert. *denied*, 419 U.S. 833, 95 S.Ct. 58, 42 L.Ed.2d 59 (1974). In effect, the measure of damages should reflect the ability of the patentee-licensee to utilize his patent.

> If the patentee is a manufacturer, he may prove his damages by evidence of lost sales and profits. But if such proof is inadequate, or if he does not himself sell the product, he may nevertheless be injured by the unlicensed practice of his invention. The reasonable royalty which he might lawfully have collected from the infringer if he had been a licensee may then be the measure of damages.

Zegers v. Zegers, Inc., 458 F.2d 726, 730 (7th Cir.), cert. *denied*, 409 U.S. 878, 93 S.Ct. 131, 34 L.Ed.2d 132 (1972).

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[14] In the instant matter, the plaintiffs were clearly capable of exploiting commercial value of the Rivet '785 patent. The plaintiffs manufactured machines employing the teachings of the Rivet '785 patent for their own use on domestic pipeline jobs and also sold these machines for use in foreign countries. The infringing units manufactured by the defendant are similar, if not identical, to the types of machines built by the plaintiffs. Moreover, the evidence clearly demonstrates that the plaintiffs and the defendant infringers directly competed for the sale of units in the foreign market. Under these circumstances, the lost profits on the infringing machines sold for use outside of the United States appear to be the appropriate measure of plaintiffs' damages. The rule in the Fifth Circuit, as set forth in the leading case of *Livesay Window Co. v. Livesay Industries, Inc.*, 251 F.2d 469 (5th Cir.1958), is "[i]f in all reasonable probability, the Patent Owner would have made the sales which the Infringer has made, what the Patent Owner in reasonable probability would have netted from the sales denied to him is the measure of his loss, and the Infringer is liable for that." *Id.* at 471–72. *See also Hughes Tool Co. v. G.W. Murphy Industries, Inc.*, 491 F.2d 923, 929 (5th Cir.1973); *Julien v. Gomez & Andre Tractor Repairs, Inc.*, 512 F.Supp. 955, 967 (E.D.La.1981). Thus, plaintiffs are entitled to lost profits if they would have, in all reasonable probability, made the sales of infringing units which the defendants have made. This jurisprudence is consistent with the notion that damage for patent infringement should reflect what the patentee-licensee would have made had the infringer not infringed.

The defendants have urged the Court to follow the Sixth Circuit approach to lost profits. In *Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.*, 575 F.2d 1152 (6th Cir. 1978), the Sixth Circuit set forth a four prong test to determine the patentee's entitlement to lost profits:

> To obtain as damages the profits on sales he would have made absent the infringement, i.e., the sales made by the infringer, a patent owner must prove: (1) demand for the patent product, (2) absence of acceptable noninfringing substitutes, (3) his manufacturing and marketing capability to exploit the demand, and (4) the amount of the profit he would have made. 3R. White, *Patent Litigation: Procedure and Tactics* § 9.03[2]. *See, e.g., Bros. Inc. v. W.E. Grace Mfg. Co.*, 320 F.2d 594 at 598, 138 USPQ 357 at 358 (5th Cir.1963) and *Electric Pipe Line, Inc. v. Fluid Systems, Inc.*, 250 F.2d 697, 116 USPQ 25 (2d Cir.1957).

Id. at 1153. The four prong test of this recent decision is perhaps somewhat more elaborate than the language employed by Fifth Circuit jurisprudence. Nevertheless, as indicated by the citation of Fifth Circuit case law, there is no substantive distinction between the Sixth Circuit approach to profits as damages and the traditional test whereby the patentee-licensee is entitled to his lost profits on sales made by the infringer if in all reasonable probability the patentee-licensee would have made the sales had the infringer not infringed.

Under either the Fifth Circuit standard or the test of the Sixth Circuit, the plaintiffs have established their right to damages calculated on the basis of profits lost on the defendants' sale of infringing units for use outside of the United States. Applying the Sixth Circuit test for profits, the first issue is the demand for the Rivet '785 patent. This issue is largely uncontested. The oil and gas industry had long sought a machine which could carry heavy uppers into a treed swamp without significant structural damage and without matting. The Rivet '785 patent was designed to answer the challenge of the treed swamp and the substantial sales of units employing the teachings of the Rivet '785 patent prove a demand. *Bros. Inc. v. W.E. Grace Manufacturing Co.*, 320 F.2d 594, 598 (5th Cir. 1963).

After proving a demand, the plaintiffs must, under the Sixth Circuit approach, then demonstrate the absence of acceptable noninfringing substitutes. Here again, all of the credible evidence adduced at trial and at the accounting hearing demonstrates

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the lack of a comparable substitute for the Rivet '785 patent. Defendants contend that machinery built by Quality Industries of Thibodaux, Louisiana (hereinafter Quality) is an acceptable substitute for the Rivet '785 patent. There has been no evidence, however, of the specifications or the working capability of the Quality units. The only evidence of the capability of the products built by Quality is a vaguely worded and self-serving sales brochure. (See Wilco Exhibits 3 and 3a.) It is not even clear whether Quality was marketing a comparable swamp machine during the period of infringement at issue in this case. All of the credible testimony concerning units manufactured by Quality is that they are inferior to the Rivet machines. In fact, testimony brought by the defendants concerning sales to J. Ray McDermott for a job in Nigeria clearly demonstrates that the only substitute for the Rivet patented machines was the infringing units built by the defendants. The evidence indicates that McDermott was interested in purchasing machines patented under the Rivet '785 patent from plaintiff Kori because these were the only machines capable of operating effectively in the jungle swamp of Nigeria. McDermott then became concerned that Kori might not be able to make timely delivery of the machines either because of an alleged dispute between Rivet and Woodson, the sole licensee, or because Kori was involved in a major pipe laying job at the time. As a result of this concern about the timeliness of delivery, McDermott decided to purchase machinery from the defendant infringer, Wilco. Regardless of whether McDermott's fears were well founded, the fact remains that when McDermott sought a substitute for the patented Kori product, it turned not to Quality or some other manufacturer of marsh craft, but to the infringer, Wilco. Thus, from a buyer's perspective, the only acceptable substitute for the patented Kori machines were the infringing machines.

Furthermore, if Quality was such a formidable competitor as the defendants would have this Court believe, the Court is at a loss to explain why the sales by the defendants were not similarly affected by the competition from Quality. Addressing this anomalous situation, the Fifth Circuit in *Bros. Inc. v. W.E. Grace Manufacturing Co.*, *supra*, reversed the decision by the district court which had reduced by two-thirds the lost profits awarded by the Master because the district court found that had the infringer not infringed, two-thirds of the machines sold by the infringer would probably have been sold by two competitors. In restoring the Master's award of profits for sales on *all* infringing machines, Judge John R. Brown stated in pertinent part:

> The Master with ample basis found that had not the Infringer sold the machines, the Patentee would. Neither before the trial Court nor here has the Infringer carried the burden of showing that such finding is clearly erroneous. F.R.Civ.P. 53(a), (e)(2). Indeed, the trial Court's approach is a novel and startling one. The substantial sales made prove a demand. As a matter of economics, had the two other concerns waiting in the wings been as formidable as the Judge must have thought, we are unable to see why, on this theory, the Infringer likewise would not have lost out to these competitors. The consequence of the holding is strange. In effect it is that an admitted infringer who has made substantial profits from purloining another's patent is not made to account for his acknowledged acts because had he not poached, another would or, at any rate, sales of similar products would have been made, not by the patent owner, but by others. To avoid such an anomaly, we therefore restore the Master's finding that the Infringer is liable for all of the machines sold by it during the critical period.

Id. at 598. Similarly, this Court concludes that the defendants should not be allowed to profit from infringement of the Rivet '785 patent and then avoid pecuniary damages based upon some vague allegation of a comparable substitute.

The third prong of the Sixth Circuit test for pecuniary damages is that the plaintiffs must prove their manufacturing and mar-

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keting capability to exploit the demand for the patented product. Once again, the plaintiffs have sustained their burden of proof. The record clearly reflects that the plaintiffs had and still have the facilities, capital investment, and manpower to manufacture machines to meet the demand for the Rivet '785 patent. Plaintiffs actively engaged in the marketing of their product for use outside of the United States and could take machines from their inventory to satisfy such orders. Defendants assert that the sales of units to McDermott for the Nigeria job, discussed above, illustrates at least one set of circumstances where plaintiffs could not timely deliver units for sale. The weight of the evidence, however, indicates that the plaintiffs could have satisfied the McDermott order in a timely fashion. By contrast, the totality of the negotiations for the McDermott order demonstrates vividly how the defendants "poached" sales from the plaintiffs. As stated above, these negotiations attest to the demand for the Rivet '785 patent and the absence of an acceptable noninfringing substitute because McDermott apparently negotiated with only plaintiff Kori and infringer Wilco for this order. Had Wilco not infringed, these sales would have, in all reasonable probability, gone to Kori. Instead, Wilco infringed upon the Rivet '785 patent and thereby unlawfully exploited the demand for the patented product. Under these circumstances, plaintiffs' damages for pecuniary loss are equivalent to Kori's lost profit on the sales made by the defendant infringers. Stripped of all the factual embellishment, defendants apparently contend that because McDermott chose to purchase units from Wilco instead of Kori, Kori was unable to meet McDermott's demand. The Court is convinced that where an infringer and a patentee-licensee compete for the demand created by the patent, it should be reasonably inferred that in the absence of infringement, the patentee-licensee would have made all of the infringer's sales. Since the plaintiffs had the manufacturing and marketing capabilities to exploit the Rivet '785 patent, the Court finds that in all reasonable probability had the defendants not infringed, the plaintiffs would have made the sales on infringing units purchased for use outside of the United States.

Having found that the plaintiffs are entitled to the profit on infringing units sold for foreign use, the remaining issue is the amount of profits the plaintiffs would have made on these sales. The computation of damages for patent infringement involves a subtle judicial function, and the statute allows considerable discretion in awarding damages. *John Zink Co. v. National Burner Co.*, 613 F.2d 547, 559 (5th Cir.1980); *Bros. Inc. v. W.E. Grace Manufacturing Co.*, *supra*, at 599. Recognizing the hypothetical nature in basing damages upon lost profits, Courts have held that patentee-licensee need not prove lost profits with scientific accuracy, though the damages may not be speculative. *Hughes Tool Co. v. G.W. Murphy Industries, Inc.*, *supra* at 929; *Livesay Window Co. v. Livesay Industries*, *supra*, at 472. In the instant matter, the plaintiffs have based their lost profit upon the profits the defendants made on six infringing units which were sold for use outside of the United States. It is uncontested that these six machines were built in accordance with the plans which this Court has construed as infringing upon the Rivet '785 patent. It is also clear that these machines were sold on the foreign market in direct competition with sales by the plaintiffs and in all reasonable probability the plaintiffs would have made these sales had the defendants not infringed. Plaintiffs' expert, David W. Harvey, C.P.A., Ph.D., calculates the defendants' profits on the six machines at $379,497. (Dr. Harvey's Report, dated April 13, 1982, p. 2 (Exhibit I of Plaintiffs' Post Trial Brief for Damages Hearing.)) Defendants do not dispute these figures but instead challenge the propriety of using their profits to compute plaintiffs' lost profits. The Fifth Circuit has specifically stated that "the profits made by the infringer from his improper use of the infringing device may be the measure of the damages suffered, even though the statute does not prescribe that profits are to be recovered as such." *Graham v. Jeoffroy Mfg., Inc.*, 253

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F.2d 72, 74 (5th Cir.), cert. *denied*, 358 U.S. 817, 79 S.Ct. 28, 3 L.Ed.2d 59 (1958); *see also Thomson Machinery Co. v. La Rose*, 306 F.Supp. 681 (E.D.La.1969). Decisions from other circuits are in accord with this proposition. *Atlas-Pacific Engineering Co. v. Geo. W. Ashcck Co.*, 339 F.2d 283, 290 (9th Cir.1964), cert. *denied*, 382 U.S. 842, 86 S.Ct. 55, 15 L.Ed.2d 83 (1965); *Georgia-Pacific Corp. v. United States Plywood Corp.*, 243 F.Supp. 500, 529 (S.D.N.Y.1965); *Locklin v. Switzer Brothers, Inc.*, 235 F.Supp. 904, 906 (N.D.Cal.1964). Even the opinion which the defendants rely so strongly upon for their proposition that infringers' profits may not be awarded as damages, states, in pertinent part, that "[i]n some situations the infringer's profits may constitute evidence tending to prove the amount of plaintiff's damages ... or be a relevant factor in the calculation of a reasonable royalty." *Zegers v. Zegers, Inc.*, *supra* at 928 (citations and footnote omitted). Considering the overall facts of this case, especially the fact that the infringing machines were literally identical to the plaintiffs' machines, the Court finds that the defendants' profits constitute a reasonable approximation of the damages suffered by plaintiffs.

Plaintiffs seek damages over and above the amount of the defendants' net profits on the sale of the six infringing machines on the grounds that these profits contain an allocation of overhead amounting to $90,766, which includes fixed overhead costs and salaries of the defendant infringers (Testimony of Mr. Jarrell and Report of Dr. Harvey, dated April 13, 1982, pp. 2–3 (Exhibit I in Plaintiffs' Post Trial Brief for Damages Hearing). Mr. Jarrell testified that if the plaintiffs had built these machines for sale, the plaintiffs would have incurred no more than $20,000 additional overhead expenses. Therefore, the plaintiffs seek the net profits on the sale of the six machines, $397,499, plus $70,766 as the difference between the overhead expenses incurred by the defendants and those which would have been incurred by the plaintiffs.

The Court would agree that plaintiffs' damages should be increased by fixed overhead costs and infringers' salaries which the plaintiffs would not have incurred had they manufactured these machines. *See Saf-Gard Products, Inc. v. Service Part, Inc.*, 491 F.Supp. 996, 1008 (D.Ariz.1980) (Fixed overhead costs are not charged against plaintiffs damages, citing numerous authority.); *Graham v. Jeoffroy Mfg., Inc.*, *supra*, at 76 (Infringing salaries must be added to infringing profits to complete plaintiffs' damages.). Plaintiffs, however, have failed to sustain their burden in apportioning those overhead expenses which should not be charged against the plaintiffs, such as fixed overhead costs and infringers' salaries, from other overhead expenses. Mr. Jarrell attempted to make some allocation, stating that Kori would have incurred no more than $20,000 in added overhead to build these six machines. The Court is not convinced by this testimony because the basis for his apportionment is unknown and is not substantiated by any other evidence. On the other hand, it is clear that the plaintiffs would have avoided at least some of the overhead costs expended by the defendants in producing the six infringing machines. Moreover, the individual defendants were paid substantial salaries during the period of infringement which were derived in part from the sale of infringing units. (Plaintiffs' Exhibits 5 through 10) These factors should be included in plaintiffs' damages, even though they cannot be added to lost profits without some credible evidence allocating these figures. Accordingly, the Court will not attempt to add fixed overhead or infringers' salaries to net profits in calculating plaintiffs' pecuniary damages. Instead, the Court will consider these factors in determining whether to impose exemplary damages.

Defendants contend that a reasonable royalty should be employed in this case or at least the lost profits should be proportionately reduced because the Rivet '785 patent concerns only the pontoon structure of these swamp machines, which covers only a fraction of the cost of the entire unit. For example, the heavy uppers, such as draglines, backhoes, and the like, are the most significant cost element of these ma-

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chines, equalling approximately 50% of the total cost in building the units. Since the Rivet '735 patent does not affect the heavy uppers, defendants contend that plaintiffs are not entitled to profits on this portion of the machines. The issue here is whether the Court should apply the "entire market value" rule or whether the damages should be limited to the patented part of the unit. "Under this [entire market value] rule, where the patented feature, although a small part of an article, gives the article its entire commercial value, the value of the entire article may be considered in computing damages." *Hughes Tool Co. v. G.W. Murphy Industries, Inc.*, *supra*, at 923 (citations omitted). One recent decision, *Julien v. Gomez & Andre Tractor Repairs, Inc.*, *supra* summarizes the relevant jurisprudence on the entire market value rule:

> To resolve the issue requires a determination of whether the "entire market value" rule applies here. The entire market value rule "allows recovery based on the value of an entire mechanism containing several features, even though only one feature is patented, where substantially the entire marketable value of the total mechanism is attributable to the patented feature." *Crosby Steam Gage and Valve Co. v. Consolidated Safety Valve Co.*, 141 U.S. 441, 12 S.Ct. 49, 35 L.Ed. 809 (1891); *Goulds Mfg. Co. v. Cowing*, 105 U.S. 253, 26 L.Ed. 987 (1881); *Paper Converting Mach. Co., Inc. v. FMC Corp.*, 432 F.Supp. 907 (E.D.Wis.1977). As the court stated in *Westinghouse v. Wagner Mfg. Co.*, 225 U.S. 604, 32 S.Ct. 691, 56 L.Ed. 1222 (1912), the rule is tailored for "cases in which plaintiff's patent is only a part of the machine and creates only a part of the profits." The Supreme Court in *Westinghouse*, *supra*, 32 S.Ct. at 694 stated:
>
> "He must therefore, 'give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented feature, . . . or he must show, by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, as a marketable article, is properly and legally attributable to the patented feature.'"
>
> In *Paper Converting Mach. Co., Inc. v. FMC Corp.*, *supra*, at 913, the court emphasized:
>
> "The entire market value rule . . . merely permits a recognition of the *actual economic value of the patent* under the unusual circumstances in which *market conditions* themselves would prevent an unlicensed and noninfringing seller from making sales in the market for the entire machine, even though only one or more elements are patented." (Emphasis supplied)
>
> And in *Leesona Corp. v. United States* [220 Ct.Cl. 234] 599 F.2d 958 (Ct.Cl.1979), cert. denied, 444 U.S. 991, 100 S.Ct. 522, 62 L.Ed.2d 420 (1980), the Court of Claims stated:
>
> "Under the entire market value rule, it is not the physical joinder or separation of the contested items that determines their inclusion in or exclusion from the compensation base, so much as their *financial and marketing dependence* on the patented item under *standard marketing procedures* for the goods in question." (Emphasis supplied)
>
> The Fifth Circuit Court of Appeals has applied the *Westinghouse* rationale to a case in which the plaintiff's patent covered the entire machine and attributed 60% of the compensation basis to the portion of the machine (plow) found to have infringed plaintiff's patent. *Graham v. Jeoffroy Mfg.*, *supra*, at 77.

Id. at 969. In short, the entire market value rule is merely another permutation of the basic question in determining pecuniary damages: namely, what would the patentee-licensee have made had the infringer not infringed? In this case, had the defendants not infringed, plaintiffs would, in all reasonable probability, have sold the infringing units and would have made a profit on the entire units including the non-infringing heavy uppers. Therefore, under these circumstances, the entire market value rule should apply. Defendants rely

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heavily upon *Julien v. Gomez & Andre Tractor Repairs, Inc.*, *supra*, where the Court based damages upon the patented sugar cane planter alone and not on the entire vehicle which utilized the planter. In *Julien*, the Court found that unpatented vehicles could be and were used separate and apart from the patented planter. Hence, the utility of the vehicle was not dependent upon the patented upper structure. In the present case, there has been no evidence that the unpatented heavy uppers have been or can be used independently of the patented pontoon structure. Once the unit has been constructed, the heavy uppers are more or less permanently attached to the patented pontoon structure, and these uppers have no real value to a pipeline digger unless they can be effectively transported across swamps, marsh lands and waterways. Considering all of the evidence, the Court concludes that plaintiffs' damages should be based upon the entire market value of the infringing machines.

In summary, then, the Court finds that the defendants' profits on the sale of the six infringing units, $379,497, is a reasonable estimate of plaintiffs' damages resulting from the defendants' sales of infringing units outside of the United States.

Plaintiffs also claim damages on infringing units which the defendants rented for a profit. The defendants continue to own some of the Wilco built infringing units, and the evidence adduced at the accounting hearing demonstrates that the defendants have rented these machines for a total of 4,850 hours. Therefore, plaintiffs seek the profits of these rentals contending that they would have made these rentals had the defendants not infringed. As stated above, the Fifth Circuit has held that damages may be based upon the profits made by the infringer from his improper use of the infringing units. *Graham v. Jeoffroy Mfg., Inc.*, *supra*, at 74. In this instance, the improper use was the renting of infringing units in contravention of the plaintiffs' rights under the Rivet '785 patent and in competition with the plaintiffs' rental business. At least one other court, under similar circumstances, has suggested awarding damages in the amount of infringer's net rental profits. *Atlas-Pacific Engineering Co. v. Geo. W. Ashlock Co.*, *supra*, at 290. Since the Court finds that the plaintiffs would have made these rentals had the defendants not infringed, the plaintiffs are entitled to the lost rental profits.

To calculate these profits, plaintiffs take the total rental hours and multiply this figure by the average hourly rental profit. The total rental hours of the infringing units, 4,850 hours, is not contested. Plaintiffs contend that had they made these rentals they would have made $50 profit per hour, and they further assert that the $50 per hour figure is the industry norm. Estimates of the defendants' profit margin range from $42.969 (Dr. Harvey's Report dated April 13, 1982, p. 9 (Exhibit I of Plaintiffs' Post Trial Brief for Damages Hearing)) to $28.31 (Testimony of John Wilson). The Court finds that the best estimate of plaintiffs' damages for lost rentals should be based upon the lower hourly profit rate of $28.31. This yields a total profit of $137,311.30 for lost rentals, and the Court will use this figure in computing total damages.

In their post trial memorandum, the defendants have attempted to further reduce the damages on the lost rentals alleging that 95% of the time these machines were used in the marsh lands where non-infringing marsh buggies presumably work equally as well as the Rivet machines. Defendants contend that if they infringed upon the Rivet '785 patent at all with regard to rentals, they infringed merely 5% of the total rented hours when the infringing units were used in the swamp. The record is completely void of any evidentiary basis for the kind of apportionment which the defendants have proposed. Even assuming the hourly distribution as alleged by the defendants, the apportionment they seek would not necessarily follow. For example, if a job requires both marsh work and swamp work, only the Rivet machines will be able to do the job because it is the only machine which can do heavy work in the swamp. Consequently, if non-infringing

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machines cannot do 5% of a job, they cannot do the job at all. Moreover, while the Court recognizes that there is some overlap in specifications and capabilities between the patented Rivet machines and the non-infringing marsh buggies, the evidence conclusively demonstrates that units employing the Rivet '785 patent are a better product than the non-infringing machines. The pontoon structure of the Rivet machine is stronger, having superior water tight integrity and puncture resistance. Because of its strength, superior buoyant structure, and ability to resist pontoon puncture, the Rivet machine is capable of carrying heavy uppers across the treed swamp terrain without significant damage. Similarly, these same qualities allow the Rivet machine to last longer and work better in marsh lands and waterways than typical marsh craft. Having infringed upon the Rivet '785 patent, the defendants were able to offer their rental customers a better product than the non-infringing marsh buggies and, therefore, benefited at the plaintiffs' expense from these rentals regardless of whether the infringing machines were used in the swamp, in marsh lands, or elsewhere. The Court concludes that the defendants have failed to allege sufficient grounds for warranting an apportionment of the rental damages. The functional overlap between patented units and non-infringing marsh craft will be considered as a mitigating factor in determining whether exemplary damages should be imposed against the defendants.

Total Pecuniary Damages

The Court finds the defendants liable to the plaintiffs for a total damages, composed of the lost profits on sales and rentals of infringing units, in the amount of $516,-808.30.

Prejudgment Interest

[15] Plaintiffs seek prejudgment interest on the grounds that in addition to the lost profits damages sustained, plaintiffs were also denied the use of these profits during the period infringement. (Dr. Harvey's Report, dated April 13, 1981, p. 6 (Exhibit I of Plaintiffs' Post Trial Brief for Damages Hearing.)) In effect, prejudgment interest makes the plaintiffs whole by compensating them for the delay in receiving their lost profits. There is substantial authority for the plaintiffs' position on prejudgment interest. *See Saf-Gard Products, Inc. v. Service Parts, Inc., supra,* at 1010–11 (citing other recent cases). Because the damages in this case are based upon both sales and rentals over a substantial period of time, the computation of prejudgment interest to compensate plaintiffs is necessarily a complicated process, involving assumptions which this Court is not prepared to make. For example, the record is not clear concerning the date from which interest should run as to the lost sales or the lost rentals, whether it should be from the date of the transaction as to each sale or rental, or the date when plaintiffs could have reasonably expected to receive payment on the sale or rental, or some other date. In view of the uncertainty as to the date when the prejudgment interest should begin to run, the Court concludes that prejudgment interest should not be awarded in this case. Nevertheless, plaintiffs should be compensated for the delay in receiving the lost profits owed to them, and, therefore, the Court will consider this factor in determining whether to impose exemplary damages upon the defendants.

Attorneys Fees and Costs

[16] In the previous Opinion of this Court, dated December 11, 1981, the Court held that plaintiffs were entitled to an award of reasonable attorneys' fees and costs (Conclusions of Law Nos. 25, 26, 27, 28, 32, & 33). Plaintiffs seek $137,609.50 in attorneys' fees and $45,415.70 in costs. (See Affidavit of Costs, attached as Exhibit N in Plaintiffs' Post Trial Brief.) The defendants challenge the attorneys' fees sought on the grounds that the time claimed to have been spent in the prosecution of this case, 2,692.2 hours, is grossly excessive.

Plaintiffs' counsel has recently submitted to the Court an itemized billing of his hours.

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The Court, however, is not bound by an attorney's time sheet. The statute provides only for reasonable attorneys' fees, and to this end, the Court may rely upon its own knowledge, experience, and expertise in determining the time required to provide adequate legal services. *Johnson v. Georgia Highway Express*, 488 F.2d 714, 717 (5th Cir.1974). This matter has been before the Court for various status conferences, hearings, a trial on the merits, and a trial on damages. Thus, the Court is sufficiently familiar with activities of counsel to determine the time necessary for the prosecution of this action. The Court would agree that 2,632.20 hours is excessive, being the equivalent to one attorney devoting 50 hours a week on this case for over a year. Defense counsel contends that he has spent approximately 350 hours on this matter. The Court recognizes that the burden of proof rests with the plaintiffs, and this is a particularly heavy burden in an action for patent infringement. While the law presumes the validity of a patent, this presumption does not, as a practical matter, relieve the patent holder from the obligation to prove his case. In order to prevail, plaintiffs have had to investigate and convince the Court that they were the holders of a valid patent, that the patent was willfully infringed upon, and that they suffered damages as a result of the infringement. The Court is convinced that the needs of the plaintiffs in successfully enforcing their rights under the Rivet '785 patent were substantially greater than defendants, and this need should be reflected in the time plaintiffs' counsel devoted to this matter. Accordingly, in view of all factors, the Court finds that an attorney fee of $50,000 to be reasonable in this case, based upon 1,000 hours expended at a rate of $50.00 per hour. With respect to costs, the Court agrees with the defendants that $17,372.49 in costs claimed by the plaintiffs have not been itemized and should not be included in an award for costs. The Court finds that all other costs sought by plaintiffs are reasonable. Wherefore, the Court will award costs in the amount of $28,943.51.

Exemplary Damages

[17] Finally, the patent code provides for exemplary damages in that the Court "may increase the damages up to three times the amount found or assessed." 35 U.S.C. § 284. This provision allows the trial court considerable discretion to award exemplary damages based upon the degree of bad faith exhibited by the defendant infringer. *Saginaw Products Corp. v. Eastern Airlines, Inc.*, *supra* at 1143; *Julien v. Gomez & Andre Tractor Repairs, Inc.*, *supra* at 960. The Court has already found that the defendants willfully and deliberately infringed upon the Rivet '785 patent, having copied the essential parts of the patented amphibious craft, knowing the same to be patented and having no good faith belief that the patent is invalid. (Conclusions of Law No. 26) Under these circumstances, where the defendants' conduct was intentional, willful, and with reckless disregard of plaintiffs' patent rights, plaintiffs are entitled to exemplary damages. *See Milgo Electronics v. United Business Communications, Inc.*, 623 F.2d 645 (10th Cir.), *cert. denied*, 449 U.S. 1066, 101 S.Ct. 794, 66 L.Ed.2d 611 (1980). Moreover, exemplary damages are appropriate because the Court has determined that the defendants' conduct warranted an award for reasonable attorneys' fees. *See Saginaw Products Corp. v. Eastern Airlines, Inc.*, *supra* at 1143. Defendants respond by asserting that they did not in bad faith infringe upon the Rivet '785 patent because they acted upon advice of counsel. *Maloney-Crawford Tank Corp. v. Sander Tank, Inc.*, 511 F.2d 10, 14 (10th Cir.1975); *Julien v. Gomez & Andre Tractor Repairs, Inc.*, *supra* at 960. Once again, the defendants' contention fails for want of evidentiary support. There has been no testimony in this case demonstrating that the defendants sought the advice of a qualified patent attorney before infringing upon the Rivet '785 patent. The evidence before the Court indicates that the defendants willfully and deliberately copied the Rivet '785 patent without soliciting advice of counsel. The advice of a qualified patent attorney was apparently only sought

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after defendants had begun to manufacture infringer units and after plaintiffs brought this suit to enforce the Rivet '785 patent. In the Court's opinion, the defendants had decided to market infringing machines without regard to authoritative legal advice and with reckless disregard for plaintiffs' rights under the Rivet '785 patent. Having failed to establish good faith reliance upon an authoritative opinion of invalidity, the defendants' deliberate and willful infringement of the Rivet '785 patent cannot be condoned. Given these circumstances, the Court is inclined to exercise its discretion in awarding exemplary damages.

In determining the amount of exemplary damages, the Court will consider the following factors. First, the pecuniary damages awarded so far have not been sufficient to fully compensate plaintiffs. As noted earlier, the Court held that plaintiffs were entitled to at least some portion of the defendants' fixed overhead expenses and salaries paid to the individual defendants, but there was insufficient evidence to conservatively apportion these elements of the damages. Similarly, the Court was unable to compute prejudgment interest even though the Court found that such interest would compensate the plaintiffs for the delay in receiving their lost profits. All of these factors, the fixed overhead expenses, salaries of individual defendants, and prejudgment interest, should be included in an award of exemplary damages.

The Court also recognizes that the defendants' liability goes beyond the pecuniary damages awarded in this case. Damages have been based upon sales of infringing units for foreign use and upon rentals. The evidence has also shown that defendants sold infringing machines for domestic use. Plaintiffs have not sought lost profits on these machines because they do not sell units for domestic use. While plaintiffs may not have suffered any direct pecuniary loss as a result of the defendants' domestic sales, nevertheless, the plaintiffs have been affected by these domestic sales to the extent that other companies use the infringing units to bid against the plaintiffs for domestic pipe laying jobs. Though plaintiffs may recover directly against the domestic users for infringement of the Rivet '785 patent, some responsibility lies with the defendants who manufactured and sold these infringing units. Accordingly, the exemplary damages will take into account the defendants' responsibility for damages resulting from the domestic sale and use of infringing units.

There are only two mitigating factors to be considered with regard to exemplary damages. First is the functional overlap between the Rivet '785 patent and the prior art. The Rivet machine and non-infringing marsh craft can both cross marsh land and waterways, although the Rivet machine is a superior overall product, especially for carrying heavy uppers. The uniqueness of the Rivet '785 patent lies in its ability to carry heavy uppers into the treed swamp. The Court has awarded lost profits on the entire machines because a substantial portion of the commercial value of the Rivet machine is attributable to the patented elements. To some extent, however, the value of the Rivet machine can be imputed to the prior art, and, therefore, exemplary damages should be fixed in consideration of the value of the prior art. The other mitigating factor is the financial ability of the defendants to satisfy a judgment including exemplary damages. While the Court has sought to fully compensate plaintiffs by disgorging profits which were unlawfully purloined by the defendants, the judgment in this matter should not unduly prejudice the defendants' non-infringing business.

In view of all these factors, the Court will double the pecuniary damages awarded for lost profit on the sales and rentals of infringing units. This brings the total damages, excluding the award for reasonable attorneys' fees, to $1,083,616.60.

Conclusion

The Court finds the following: 1) plaintiffs are entitled to pecuniary damages in the amount of $516,808.30; 2) the award for pecuniary damages should be doubled, increasing the amount of damages to $1,083,-

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616.60; and 3) plaintiffs are entitled to an award for reasonable attorneys' fees and costs in the amount of $78,043.51.

Accordingly, the Court will enter judgment in favor of the plaintiffs and against the defendants in the amount of $1,113,660.11.

OAK PARK TRUST & SAVINGS BANK, Trustee under Trust No. 6901, et al., Plaintiffs,

v.

VILLAGE OF PALOS PARK, et al., Defendants.

No. 81 C 3397.

United States District Court, N.D. Illinois, E.D.

March 18, 1982.

In an action brought under the 1871 civil rights statute and Fifth and Fourteenth Amendments to the United States Constitution, and on defendants' motion to dismiss, the District Court, Grady, J., held that: (1) where appeal was pending in state court regarding very issue which plaintiff sought to litigate in federal district court in case, principles of equity, comity and federalism were directly involved, and *Younger* doctrine applied, and (2) differences in parties to state and federal suits did not alter application of *Younger* doctrine.

Dismissed without prejudice.

1. Courts ⇐508(1)

Younger doctrine is not confined to civil proceedings akin to criminal proceedings.

2. Courts ⇐508(2)

Determinative factor as to application of *Younger* doctrine was whether federal district court's decision as to damages in case under 1871 civil rights statute would be directed to identical issue facing state appellate court involving granting of injunctive relief, and propriety of such § 1983 actions did not depend solely on basis of relief sought, i.e., that actions for money damages may go forward while actions for injunctive relief may not. 42 U.S.C.A. § 1983; U.S.C.A. Const.Amends. 5, 14.

3. Courts ⇐493(3), 508(2)

Where appeal was pending in state court regarding very issue which plaintiff sought to litigate in federal district court in case under 1871 civil rights statute, principles of equity, comity and federalism were directly involved, and *Younger* doctrine applied. 42 U.S.C.A. § 1983.

4. Courts ⇐508(1)

Differences in parties to state and federal suits did not alter application of *Younger* doctrine.

5. Courts ⇐508(1)

Where plaintiff has not exhausted his state court appellate rights, *Younger* doctrine is compelling.

Don E. Glickman, Rudnick & Wolfe, Chicago, Ill., for plaintiffs.

William W. Kurnik, Judge, Drew, Cipolla & Kurnik, Park Ridge, Ill., for defendants.

MEMORANDUM OPINION

GRADY, District Judge.

For purposes of defendants' motion to dismiss, we consider the facts as stated by plaintiffs. *Conley v. Gibson*, 355 U.S. 41, 78 S.Ct. 99, 2 L.Ed.2d 80 (1957).

Plaintiffs, Oak Park Trust & Savings Bank, as Trustee under Trust No. 6901, and Samuel A. Libert, M.D., own 19.6 acres of land within the Village of Palos Park. They instituted this action for damages against the Village and members of the Village Board of Commissioners and Plan Commission under 42 U.S.C. § 1983, alleging that defendants' unreasonable refusal to rezone their property to permit a multi-

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[7, 8] Because Fischl succeeded in locating the credit bureau and securing a copy of the report in short order, the district court determined that he could not have suffered any actual damages. That does not end the inquiry before us. Even where no pecuniary or out-of-pocket loss has been shown, the FCRA permits recovery for humiliation and mental distress, *Thompson v. San Antonio Retail Merchants Ass'n*, 682 F.2d 509 (5th Cir.1982); *Millstone v. O'Hanlon Reports, Inc.*, 528 F.2d 829 (8th Cir.1976); *see Evers v. Equifax*, 650 F.2d 793 (5th Cir. 1981), as well as for injury to one's reputation and creditworthiness. *Bryant v. TRW, Inc.*, 689 F.2d 72 (6th Cir.1982) (*citing* Representative Sullivan's remarks, set forth at 116 Cong.Rec. 36570 (1970)). Negligent noncompliance with the FCRA entitles the consumer to an award of actual damages and reasonable attorney's fees, 15 U.S.C. § 1681 *o*; willful noncompliance in addition gives rise to liability for punitive damages. Section 1681n(2). *See Bryant v. TRW; Thornton v. Equifax*, 619 F.2d 700 (8th Cir.), *cert. denied*, 449 U.S. 835, 101 S.Ct. 108, 66 L.Ed.2d 41 (1980). Malice or evil motive need not be established for a punitive damages award, but the violation must have been willful. *Thornton*. On remand, the district court should assess plaintiff's right under §§ 1681o and 1681n to actual damages, costs and reasonable attorney's fees, and punitive damages. In so remanding, we intimate no conclusion as to whether damages should be awarded. That is for the district court to determine, either on the basis of the record as presently constituted or as supplemented by additional submissions, as the district court deems appropriate.

REVERSED and REMANDED for further proceedings consistent herewith.

and Other Users of Consumer Credit Information, 89 Banking L.J. 410, 423 (1971).

KORI CORPORATION and Huey J. Rivet, et al., Plaintiffs-Appellees,

v.

WILCO MARSH BUGGIES AND DRAGLINES, INC., et al., Defendants-Appellants.

No. 82-3004.

United States Court of Appeals, Fifth Circuit.

June 27, 1983.

Plaintiffs brought action alleging infringement by defendants of patent No. 3,842,785, entitled "amphibious marsh craft," and defendants counterclaimed alleging that patent was invalid. The United States District Court for the Eastern District of Louisiana, Robert F. Collins, J., 561 F.Supp. 512, entered judgment for plaintiffs, and defendants appealed. The Court of Appeals, Politz, Circuit Judge, held that: (1) patent was valid, and (2) patent was infringed.

Affirmed.

1. Patents ⇐112.1

Properly issued patent was entitled to presumption of validity and alleged infringer bore burden of showing invalidity. 35 U.S.C.A. § 282.

2. Patents ⇐37

To be patentable, invention must be novel. 35 U.S.C.A. § 102.

3. Patents ⇐72(1)

Defense of anticipation, derived principally from statute requiring that, to be patentable, invention must be novel, is strictly technical, requiring showing of actual identity in prior art. 35 U.S.C.A. § 102(a).

4. Patents ⇐72(1).

Unless all of same elements or their equivalents are found in substantially same situation where they do substantially same

work in same way, there is no patent anticipation. 35 U.S.C.A. § 102(a).

5. Patents ⇐310(7¾)

Allegation by alleged patent infringer of prior uses which were in fact found in somewhat similar but distinct situations did not provide sufficient basis upon which to negate novelty. 35 U.S.C.A. §§ 102, 102(a).

6. Patents ⇐168(1)

Claim that prior art placed before Patent Office in course of its review and approval was inadequate was not supported by file wrapper where, although application did not list every prior art device which contained some element found on marsh buggy for which patent was sought, application presented examiner with pertinent prior art, including relevant references to each element distinguishing buggy from earlier patented marsh craft. 35 U.S.C.A. § 102.

7. Patents ⇐98

Justification of prior art requirement includes notion of fair disclosure by applicants so that Patent Office may adequately consider previous inventions. 35 U.S.C.A. § 102.

8. Patents ⇐98

In context of prior art placed before Patent Office in course of its review, fair disclosure is not endless or absolute disclosure; it suffices if Patent Office is not misled and has meaningful opportunity to compare pertinent prior art. 35 U.S.C.A. § 102.

9. Patents ⇐26(1¼, 2)

Linchpin of evaluation of patent's obviousness is not whether individual components were obvious at time of invention, but whether aggregation produced new or different result or achieved synergistic effect. 35 U.S.C.A. § 103.

10. Patents ⇐26(1)

In judging obviousness of combination patent, Court of Appeals would look to aggregate effect of individual components. 35 U.S.C.A. § 103.

11. Patents ⇐26(1½)

Combination patents, to be valid, must produce unexpected, unusual or synergistic result; inquiry is nothing more than whether whole is greater than sum of its parts. 35 U.S.C.A. § 103.

12. Patents ⇐26(1½)

Notwithstanding that many elements of patented swamp buggy could be separately found in prior art, synergistic effect of combination, which resulted in first craft capable of traveling safely and carrying heavy loads for extended periods through stump-filled swamps, belied charge of obviousness. 35 U.S.C.A. § 103.

13. Patents ⇐16.22

Where limitations of previously patented swamp vehicle, when tested outside its intended uses, were immediately apparent but no definitive improvement was offered for over 20 years, patent at issue for first craft capable of traveling safely and carrying heavy loads for extended periods through stump-filled swamps was innovatively different and not readily obvious to one in inventor's position and was therefore valid. 35 U.S.C.A. § 103.

14. Patents ⇐237

Doctrine of equivalents gives patentee broad protection from minor deviations.

15. Patents ⇐235(2)

Patent No. 3,842,785, for vehicle which could travel safely carrying heavy loads for extended periods through stump-filled swamps, was infringed by craft having substantial identity of means, operation and result and differences which were but cosmetic and trivial.

Greenberg & Dallam, Nathan Greenberg, Gretna, La., for defendants-appellants.

Keaty & Garvy, Thomas S. Keaty, New Orleans, La., for plaintiffs-appellees.

Appeal from the United States District Court for the Eastern District of Louisiana.

Cite as 708 F.2d 181 (1983)

Before TUTTLE*, POLITZ and GARWOOD, Circuit Judges.

POLITZ, Circuit Judge:

The discovery of oil and gas deposits beneath the marshes and swamps of the Gulf South opened vast vistas, offered many opportunities and called for a host of new developments. A form of transportation capable of traversing the neither-land-nor-water character of the wide-open treeless marshes, as well as the obstruction-ridden, stump-studded swamps, was an immediate and pressing need. In 1974, Huey J. Rivet offered a solution with an "Amphibious Marsh Craft" for hauling loads and laying pipeline in the swamp. The instant dispute involves Rivet's marsh patent, infringed, according to the plaintiffs, by the defendants' manufacture of similar craft. After bifurcation, the district court, 561 F.Supp. 512, found the Rivet patent valid and infringed by defendants' vehicle. We affirm.

Facts

The Rivet patent, U.S. Patent No. 3,842,785, describes an endless-track amphibious vehicle, resembling a pontooned army tank, capable of traversing marshes and swampland, carrying loads up to 60 tons over tree stumps and other obstacles. Rivet's buggy finds primary application in oil and gas related transportation and construction, offering an efficient method for laying pipelines through the Louisiana swamps.

Before the advent of the Rivet craft, those venturing into the swamps relied on a marsh craft patented in 1947 by Frank Reynolds. The Reynolds amphibian was originally used in seismic survey work in the open marshes. Its design was not suitable for hauling heavy loads or for movement through swampy areas. In the 1950s this craft was adapted for limited pipeline work by attachment of a small crane to a set of Reynolds-type pontoons. Other modifications included the addition of a backhoe and the reduction of the vehicle's size, both in an effort to avoid damage caused by tree stumps encountered in the swamps.

Despite the adaptations, the Reynolds buggy could not make the transition from treeless marshes to treed swamps, and it could not carry heavy loads without frequent mishaps. Pipeline workers sought to navigate the swamps by "matting," a procedure using huge timber mats to support earthmovers which cleared away the tree stumps. The process was slow, cumbersome and expensive. The mats had to be moved to each new location and, not infrequently, the equipment would slip off the mats and sustain damage. The name of the game was damages and delay. Even with this costly workover of the swamps, the Reynolds craft would break down often, making back-up units necessary to prevent expensive immobilization of construction crews.

Huey Rivet was using this burdensome process while laying pipeline in Mississippi and Louisiana in 1971. Frustration at the inefficiency and construction delays provided the motivation for his invention of a structurally stronger, more watertight buggy. Rivet developed a buggy capable of traversing stump-dotted swampland, actually "walking" over stumps without matting or preclearing. The craft could do so for extended periods, carrying substantial loads. The design resisted the dual bapes of previous marsh buggies—pontoon puncturing and weld twisting.

The advantages enjoyed by the Rivet model derived principally from: (1) placement of plastic support blocks on the cleats to prevent pontoon puncturing, (2) spacing of I-beams on pontoon bottoms for support, and (3) creating discrete buoyant chambers by placing vertical bulkheads within the length of the pontoons.

Robert J. Wilson, Sr., father of defendants John M. Wilson, Sr., Dean R. Wilson, and Robert J. Wilson, Jr., worked for Rivet during 1974 as a contract welder. During this time, as found by the district court, Wilson received detailed instructions on the design of the Rivet pontoon. Upon completion of his welding contract with Rivet, Wilson began building Rivet-type pontoons

*Circuit Judge of the Eleventh Circuit, sitting by designation.

for Wilco Marsh Buggies and Draglines, Inc., a corporation formed and owned by his three sons. Wilco bought a Rivet craft and Dean Wilson ordered copies of the Rivet patent. Wilco began the production and sale of a marsh buggy strikingly similar to the Rivet vehicle, especially the model manufactured by Kori Corporation, a Rivet-licensee.

Rivet, Kori, and another licensee, Louis Woodson, filed the instant suit against Wilco and the Wilson brothers, seeking injunctive relief and damages. In the pre-trial bifurcation, the issue of damages, together with claims and counterclaims of unfair competition, libel and trade secret appropriation, was severed.[1] After trial to the bench, the district court found the patent valid and infringed and enjoined further infringement.

Validity

Relying on the Reynolds patent, recent design improvements in the marsh craft industry, and patents from other fields, Wilco contends that the Rivet patent is invalid because: (1) it was anticipated in the prior art, and/or (2) its claims were obvious to one having ordinary skill in the relevant art.

[1] The Rivet patent, like all patents properly issued, is entitled to a presumption of validity. 35 U.S.C. § 282. Wilco bears the burden of showing the invalidity of a patent regular on its face. *E.g., Farmhand, Inc. v. Anel Engineering Industries, Inc.*, 693 F.2d 1140 (5th Cir.1982); *Parker v. Motorola, Inc.*, 524 F.2d 518, 521 (5th Cir.1975) (describing various measures of proof applied and concluding that more than a "mere preponderance of the evidence" is required), cert. *denied*, 425 U.S. 975, 96 S.Ct. 2175, 48 L.Ed.2d 799 (1976).

1. Wilco's appeal originally included an attorneys' fees issue. We noted, and Wilco agreed, that the issue was raised prematurely. By supplemental briefing Wilco waived, at this time, the attorneys' fees appeal, leaving that issue to be considered with the second phase of the bifurcated trial. We find that the issues Wilco ultimately urges to this court are properly before us.

1. *Anticipation and the Prior Art*

[2–4] To be patentable, an invention must be novel. 35 U.S.C. § 102. The defense of anticipation, derived principally from § 102(a),[2] is strictly technical, requiring a showing of actual identity in the prior art. *Steelcase, Inc. v. Delwood Furniture Co., Inc.*, 578 F.2d 74 (5th Cir.), cert. *denied*, 440 U.S. 960, 99 S.Ct. 1503, 59 L.Ed.2d 774 (1978). Indeed, "unless all of the same elements or their equivalents are found in substantially the same situation where they do substantially the same work in the same way, there is no anticipation." *Continental Oil Co. v. Cole*, 634 F.2d 188, 195 (5th Cir.) (footnote omitted), cert. *denied*, 454 U.S. 830, 102 S.Ct. 124, 70 L.Ed.2d 106 (1981).

[5] The district court found that Wilco failed to establish the existence of any prior art which disclosed all or substantially all of the elements claimed under the Rivet patent. Although Wilco argues that prior public use involved vertical bulkheads, spaced I-beams, and support blocks, there is no suggestion that all three elements were found together in any previous unit. Further, many of the prior uses Wilco urges are in fact found in somewhat similar but distinct situations, such as airplane pontoons. While such uses offer a glimpse of what may have been apparent in the art, they do not provide a sufficient basis upon which to negate novelty. Wilco has not established that the Rivet patent was anticipated in the prior art.

[6] Wilco claims that its burden should be lightened in this case and the presumption of validity lessened, suggesting that the prior art placed before the Patent Of-

2. Section 102(a) provides that one is entitled to a patent unless "the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent. . . ."

Prior art may also invalidate a patent even where the invention is not identically disclosed as required by § 102, if the distinguishing feature is obvious. 35 U.S.C. § 103.

fice in the course of its review and approval of the Rivet patent was inadequate. *See, e.g., Cathodic Protection Service v. American Smelting & Refining Co.*, 594 F.2d 499 (5th Cir.), *cert. denied*, 444 U.S. 965, 100 S.Ct. 453, 62 L.Ed.2d 378 (1979). This claim is not supported by the file wrapper. Although Rivet's application did not list every prior art device which contained some element found on his marsh buggy, it presented the Examiner with the pertinent prior art, including the relevant references to each element distinguishing Rivet's craft from Reynolds' and Reynolds-type crafts.

[7, 8] The *raison d'être* of the prior art requirement includes the notion of fair disclosure by applicants so that the Patent Office may adequately consider previous inventions. Fair disclosure is not endless or absolute disclosure. It suffices if the Patent Office is not misled and has a meaningful opportunity to compare pertinent prior art. We have cautioned in the context of a fair trade/antitrust dispute:

> Fair dealing ... is not a mechanical mandate that every patent ultimately cited by the Examiner in issuing the patent or, more so, by the unlimited industry [of] counsel in a years-later infringement suit in which every writing, periodical, or patent, foreign or domestic, is dredged up as prior art, must be cited in the application.

Becton, Dickinson & Co. v. Sherwood Medical Industries, Inc., 516 F.2d 514, 524 (5th Cir.1975). Wilco has not shown that Rivet inadequately disclosed, or that the Patent Office failed to consider, relevant prior art sufficient to cast doubt upon the patent's validity.

2. *Obviousness*

Wilco also claims that the Rivet patent is invalid for obviousness. This defense derives from 35 U.S.C. § 103, which prescribes that no valid patent will issue if the differences between the invention sought to be patented and the prior art are such that the invention "as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

[9] Wilco again invites our attention to prior art devices which relate to elements of the Rivet invention. But "[t]he linchpin is not whether the individual components of the ... patent were obvious at the time of the invention, but whether the aggregation produced a new or different result or achieved a synergistic effect." *Continental Oil Co.*, 634 F.2d at 197. In this sense the inquiry under § 103 is whether prior use makes the picture on the jigsaw puzzle, rather than its pieces, obvious.

[10, 11] Because this appeal involves a combination patent, in judging obviousness we look to the aggregate effect. Courts are reluctant to find inventiveness in an amalgamation of old ideas, *see Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 96 S.Ct. 1532, 47 L.Ed.2d 784 (1976), so that combination patents, to be valid, must produce an unexpected, unusual or synergistic result. The inquiry is nothing more than an instance of gestalt analysis: Is the whole greater than the sum of its parts? *Farmhand*, 693 F.2d at 1144–45; *Whitley v. Road Corp.*, 624 F.2d 698 (5th Cir.1980).

[12] Even though many of the elements of the Rivet patent can be separately found in the prior art, the combination is striking. No previous craft was capable of traveling safely for extended periods through stump-filled swamps. None could carry the heavy loads demanded by oil-related exploration and construction. The improvements to prior craft, were merely quantitative. The one craft combining these features—the Rivet model—made a quantum leap in transportation through the swamp. Other machines may have used two of the three modifications Rivet made, but two-out-of-three did not create a new buggy capable of matching the performance of the Rivet craft.[3] This synergistic effect of the triad modifications belies the charge of obviousness.

3. Moreover, the record supports an inference that one of these elements—Rivet's pontoon structure—was itself unique and nonobvious, bolstering the court's finding of validity irrespective of the dramatic value of the combination of pontoon, block and I-beam.

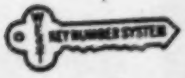
[13] The district court's finding of non-obviousness is further supported by such secondary considerations as commercial success, copying, and previous need and failure. *See Graham v. John Deere Co.*, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966); *Continental Oil Co.*, 634 F.2d at 197 & n. 5 (others had tried in vain for three years to produce a working paravane). The limitations of the Reynolds craft, when tested outside its intended uses, were immediately apparent. No definitive improvement was offered for over twenty years. We conclude that the Rivet patent was innovatively different and not readily obvious to one in Rivet's position and is therefore valid.

Infringement

[14] The final issue is whether Wilco's marsh buggy infringes the Rivet patent. Wilco suggests a number of modifications which, it is claimed, distinguish Wilco's product from Rivet's patent. These alterations may suffice to prevent literal infringement of some of the claims of the Rivet patent, but the doctrine of equivalents gives a patentee broad protection from minor deviations. *Ziegler v. Phillips Petroleum Co.*, 483 F.2d 858 (5th Cir.), *cert. denied*, 414 U.S. 1079, 94 S.Ct. 597, 38 L.Ed.2d 485 (1973).

[15] We need not belabor the point. Suffice it to say that a comparison of the two craft reveals substantial identity of means, operation and result. The differences are cosmetic and trivial. The essence of both vehicles is the same; each relies on the Rivet improvements. Wilco's models infringe the Rivet patent.

AFFIRMED.



RICHARD A. CERAMIE ENTERPRISES, INC., Plaintiff-Appellant,

v.

MT. AIRY REFINING CO., in personam, Defendant-Appellee.

No. 82-3576

Summary Calendar.

United States Court of Appeals, Fifth Circuit.

June 27, 1983.

Vessel owner filed action in admiralty to recover charges for towage services and fuel allegedly furnished alleged charterer in charter of push boat. The United States District Court for the Eastern District of Louisiana, Patrick E. Carr, J., granted alleged charterer's motion for involuntary dismissal, and vessel owner appealed. The Court of Appeals, Politz, Circuit Judge, held that finding of fact that vessel owner had not proven that person who allegedly contacted owner's sales representative and requested charter of vessel for towing barges was alleged charterer's agent was not clearly erroneous under either maritime law or Louisiana law.

Affirmed.

1. Shipping ⇐58(2¾)

Finding of fact that vessel owner had not proven that person who contacted owner's sales representative and requested charter of vessel for towing barges was agent of alleged charterer was not clearly erroneous under either maritime law or Louisiana law, notwithstanding alleged charterer's reference in pretrial order to person who contacted owner's sales representative as its representative. Fed.Rules Civ.Proc.Rule 52(a), 28 U.S.C.A.; LSA-C.C. art. 2985.

2. Principal and Agent ⇐8, 14(1)

Under Louisiana law, agency relationship is created by either express appointment of a mandatary under Civil Code or by implied appointment arising from apparent authority. LSA-C.C. art. 2985.

IN THE

United States Court of Appeals

FOR THE FIFTH CIRCUIT

APPEAL NO. 82-3619

KORI CORPORATION, HUEY J. RIVET
AND LOUIS WOODSON,

Plaintiffs-Appellees,

v.

WILCO MARSH BUGGIES AND DRAGLINES, INC.,
JOHN M. WILSON, SR., DEAN R. WILSON
AND ROBERT J. WILSON, JR.,

Defendants-Appellants.

REPLY BRIEF FOR DEFENDANTS/APPELLANTS

NED L. CONLEY
JEFFREY W. TAYON
BUTLER & BINION
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195

Attorneys for
Defendants/Appellants

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IN THE

United States Court of Appeals

FOR THE FIFTH CIRCUIT

APPEAL NO. 82-3619

KORI CORPORATION, HUEY J. RIVET
AND LOUIS WOODSON,

Plaintiffs-Appellees,

VS.

WILCO MARSH BUGGIES AND DRAGLINES, INC.,
JOHN M. WILSON, SR., DEAN R. WILSON
AND ROBERT J. WILSON, JR.,

Defendants-Appellants.

DEFENDANTS'/APPELLANTS' REPLY BRIEF

I.

INTRODUCTION

At the outset, Defendants-Appellants (hereinafter Defendants) wish to inform the Court that new counsel, viz, Ned L. Conley of Butler & Binion, Allied Bank Plaza, Houston, Texas, has replaced Mr. Nathan Greenberg. Mr. Greenberg was the author of Defendants' main brief. Mr. Conley is the author of Defendants' reply brief and will present oral argument to the Court.

This reply brief will focus on six major errors made by the trial court. First, because Plaintiff Kori Corporation (hereinafter "Kori") is a non-exclusive licensee, Kori is not entitled to join as

a Plaintiff to prosecute this action, share in any damages or establish damages based upon lost profits to itself. Second, because Plaintiffs-Appellees (hereinafter Plaintiffs) Huey J. Rivet (the patentee and holder of a one-half undivided interest in the patent; hereinafter "Rivet") and Louis Woodson (the assignee of a one-half interest and the exclusive licensee under the '785 patent[1] in issue; hereinafter "Woodson") derive their revenues from licensing and not manufacturing, the measure of their damages is a reasonable royalty. Third, due to the availability of non-infringing substitute products, a "lost profits" theory of damages cannot be utilized. Fourth, the trial court improperly determined Plaintiffs' damages by an analysis of profits gained by the infringer instead of profits lost by the Plaintiffs. Fifth, the award of exemplary damages and attorney fees was not justified. Finally, the individual Defendants, the stockholders and officers of the corporate-Defendant, should not have been found personally liable for damages.

II.

KORI, THE NON-EXCLUSIVE LICENSEE, IS NOT ENTITLED TO JOIN IN THE PROSECUTION OF THIS ACTION, SHARE IN ANY DAMAGES OR ESTABLISH DAMAGES BASED UPON LOST PROFITS TO ITSELF

The facts are not in dispute. Rivet is the patentee. Woodson is the exclusive licensee and assignee of an undivided one-half

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[1] United States Patent No. 3,842,785, issued October 22, 1974; this patent is included as the first entry in the accompanying appendix which is also entitled "Supplemental Record Excerpts." The appendix was prepared in contemplation of the transfer of this appeal to the United States Court of Appeals for the Federal Circuit. An initial volume of "Record Excerpts" was filed with the Defendants' main brief to the Fifth Circuit containing the docket sheet and judgment appealed from as required by Local Rule 30.1. All reference to the appendix will be by use of the letter "A".

interest in the Rivet patent. Kori is a mere non-exclusive licensee. *See* Trial Court Opinion Findings of Fact 6-8, 561 F. Supp. at 514–15. Yet the trial court's determination of damages is entirely based on Kori's damages, and not those of Rivet and Woodson.[2] These findings were proposed by Plaintiffs (see document number 127, Plaintiffs' Proposed Findings of Fact and Conclusions of Law). This was reversible error as a matter of law.

It is a matter of hornbook patent law that a non-exclusive licensee is not permitted to join as a plaintiff in a patent infringement suit, is not permitted to share in any assessed damages and, as a consequence, is not permitted to establish damages based upon lost profits to itself. *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U.S. 25 (1923) (patent statutes are jurisdictional and only the patentee, assignee or grantee may sue for infringement); *The Pope Manufacturing Co.* v. *The Gormully & Jeffrey Manufacturing Co., et al*, 144 U.S. 248 (1892) (reaffirming and quoting extensively from *Gayler* v. *Wilder, infra*, and *Waterman* v. *MacKenzie*); *Waterman* v. *MacKenzie*, 138 U.S. 252 (1890) (a non-exclusive licensee has no title in the patent and no right to sue for its infringement); *Gayler* v. *Wilder*, 51 U.S. (10 How.) 477 (1850) (only the patentee or his assignee may sue for infringement); *Maloney-Crawford Tank Corp.* v. *Rocky Mountain Natural Gas Co., Inc.*, 494 F.2d 401, 181 USPQ 617 (10th Cir. 1974) (one must have title or grant to title to bring a patent infringement action); *Rawlings* v. *National Molasses Co.*, 394 F.2d 645, 158 USPQ 14 (9th Cir. 1968) (the owner of something less than the right to exclude

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[2] In its opinion on damages, entered eight months later, the trial court indicated that Rivet had granted an exclusive license to Woodson and Kori. 561 F. Supp. at 524. Because of the previous Finding, and since it is impossible for each of two entities to be *exclusive* licensees in the same geographic area, this must be considered a mere slip of the pen, and not a finding of the trial court. Otherwise, it would be necessary to remand for a determination of Kori's status.

others, viz, a non-exclusive licensee, may not sue for patent infringement); *Agrashell, Inc.* v. *Hammons Products Co.*, 352 F.2d 443 (8th Cir. 1965) (regardless of any contractual agreements between the parties, ownership of the patent is requisite to the right to sue for infringement and is jurisdictional); *Switzer Brothers, Inc.* v. *Byrne*, 242 F.2d 909 (6th Cir. 1957) (court has no jurisdiction over a suit brought by a mere licensee); *Overman Cushion Tire Co.* v. *Goodyear Tire & Rubber Co.*, 59 F.2d 998, 14 USPQ 104 (2d Cir. 1932) (a sole licensee is not necessarily an exclusive licensee and a non-exclusive licensee has no right to sue and cannot share in damages); *Western Electric Co.* v. *Pacent Reproducer Corp.*, 42 F.2d 116, 5 USPQ 105 (2d Cir. 1930) (non-exclusive licensee can neither sue along nor join with the patent owner in an infringement suit); *Philadelphia Brief Case Co.* v. *Specialty Leather Products Co.*, 145 F. Supp. 425, 111 USPQ 180 (D. N.J. 1956) (non-exclusive licensee has no proprietary interest and regardless of any contractual rights, cannot sue on the patent at all); *L. L. Brown Paper Co.* v. *Hydroiloid, Inc.*, 32 F. Supp. 857, 44 USPQ 655 (S.D. N.Y. 1939), *aff'd*, 118 F.2d 674 (2d Cir. 1941) (non-exclusive license is merely a right not to be sued and non-exclusive licensee has no right to sue).

Title 35, in pertinent part, provides:

> § 281. Remedy for Infringement of Patent.
>
> A *patentee* shall have remedy by civil action for infringement of his patent (emphasis supplied).
>
> ¶100. Definitions.
>
> • • • •
>
> d. The word "patentee" includes not only the patentee to whom the patent was issued but also the successors in title to the patentee.

The "successors in title to the patentee" refer to the three types of assignees envisioned by the assignment provisions of Title 35. *See* 35 USC § 261. As explained by the Supreme Court in

Waterman v. *MacKenzie, supra*, a successor in title may be one of three assignees: first, an assignee of the whole patent comprising the exclusive right to make, use and sell throughout the entire United States; second, an undivided part or share of that exclusive right; or third, the exclusive right within and throughout a specified part of the United States. Any transfer short of one of these is a non-exclusive license giving the licensee no title in the patent and no right to sue for infringement. *Id.* Instead, a non-exclusive license is simply a contractual right not to be sued by the patentee or his successors in title for patent infringement. *Overman Cushion Tire Co.* v. *Goodyear Tire & Rubber Co., supra* at 1000 (a non-exclusive licensee has merely the right of being protected from actions for infringement); *Western Electric Co.* v. *Pacent Proproducer Co., supra* at 118 (non-exclusive license is merely a contractual privilege against a suit for infringement); *L. L. Brown Paper Co.* v. *Hydroiloid, Inc., supra* at 868 (a non-exclusive license is merely the right not to be sued). Finally, the right to exclude others from making, using or selling the patented invention (*See* 35 USC § 154) was unknown to the common law. All such rights and limitations on those rights are created and determined by Federal statute. As such, the trial court's jurisdiction to hear a patent infringement suit is closely prescribed by statute, and the court is without jurisdiction to hear any patent infringement claim filed by a non-exclusive licensee. *Crown Die & Tool Co.* v. *Nye Tool & Machine Works, supra* at 34, 39-41; *Gayler* v. *Wilder, supra* at 494; *Agrashell, Inc.* v. *Hammons Products Co., supra* at 447; *Switzer Brothers, Inc.* v. *Byrne, supra* at 913.

Accordingly, Kori was not a proper party plaintiff to the infringement action, and the trial court had no jurisdiction to consider any claim by or alleged damage to Kori. As stated by the Court of Appeals for the Second Circuit, "Practice of the invention by others may indeed cause [Kori, the non-exclusive

licensee,] pecuniary loss, but it does him no legal injury." *Western Electric Co.* v. *Pacent Reproducer Corp., supra* at 118. As a result, damages must be assessed by analysis of the injury to the patentee, Rivet, and his successor in title, Woodson.

III.

RIVET AND WOODSON ARE ENTITLED ONLY TO A REASONABLE ROYALTY

Rivet, as the patentee and owner of an undivided one-half interest in the patent, and Woodson, as the exclusive licensee and owner of the other undivided one-half interest in the patent, clearly have the right to sue for patent infringement. However, any award of damages must be based on the actual injury to them. *Aro Manufacturing Co.* v. *Convertible Top Replacement Co.*, 377 U.S. 476, 504-08 (1964) (the patentee is entitled to "general damages, that is, any damages the complainant can prove, not less than a reasonable royalty . . .") (hereinafter "Aro II"). *Coupe* v. *Royer*, 155 U.S. 565, 582 (1894) (at law, the patentee is entitled to recover, as damages, the loss he has suffered). Rivet and Woodson do not manufacture or sell the patented pontoons. Instead, Kori performs these functions as a non-exclusive licensee. Any damage caused by Defendants' infringement to Rivet and Woodson is, therefore, caused by a loss of royalty revenue. It is axiomatic in the field of patent law that a patent owner or exclusive licensee who does not manufacture or sell the patented apparatus is not entitled to damages based upon a "lost profits" theory, but is entitled only to a reasonable royalty. *Baumstimler* v. *Rankin*, 677 F.2d 1061, 1072, 215 USPQ 575 (5th Cir. 1982) (because Baumstimler, the patentee, did not exploit the patented invention — but rather it was informally exploited by a non-exclusive licensee — Baumstimler had no lost profits); *Trio Process Corp.* v. *L. Goldstein's Sons, Inc.*, 533 F.2d 126, 129, 189 USPQ 561 (3d Cir. 1976), *cert. denied*, 449 U.S. 882 (1980) (because Trio was not engaged in the patented metal reclaiming business, the only

damage Trio suffered was a loss of royalty revenue); *Foster* v. *American Machine & Foundry Co.*, 492 F.2d 1317, 1321, 182 USPQ 1 (2d Cir. 1974), *cert. denied*, 419 US 833 (1974) (because the patentee, a patent attorney by trade, did not exploit the patented invention by either manufacturing and sales or licenses, he was only entitled to a reasonable royalty); *Zegers* v. *Zegers, Inc.*, 458 F.2d 726, 730, 173 USPQ 385 (7th Cir.), *cert. denied*, 409 U.S. 878 (1972) (if the patentee does not manufacture or sell, then his damages are based upon a reasonable royalty); *Creamer* v. *Bowers*, 35 F. 206, 207 (3d Cir. 1888) (a patentee's damages are determined by the use he makes of the patented invention); *Ellipse Corp.* v. *Ford Motor Co.*, 461 F. Supp. 1354, 1379, 201 USPQ 455 (N.D. Ill. 1978), *aff'd*, 614 F.2d 775 (7th Cir. 1979), *cert. denied*, 446 U.S. 939 (1980) (where the patent holder does not exploit the patent, the only pecuniary loss suffered is the loss of royalties).

A corollary to this general principle is the rule that to establish lost sales as a basis for "lost profit" damages, the complainant has the burden of proving that it had the manufacturing and marketing capability to meet the demand for the sales lost to the infringer. *Milgo Electronic Corp.* v. *United Business Communications, Inc.*, 623 F.2d 645, 663, 206 USPQ 481 (10th Cir.), *cert. denied*, 449 U.S. 1066 (1980); *Panduit Corp.* v. *Stahlin Bros. Fibre Works, Inc.*, 575 F.2d 1152, 1156, 197 USPQ 762 (6th Cir. 1978) (Opinion by Chief Judge Markey of the then Court of Customs and Patent Appeals, sitting by designation). As indicated, it is undisputed that Rivet and Woodson do not have this capability. The trial court based its award of damages on a "profits" theory[3] due to the pecuniary loss felt by Kori and

[3] *See* Sections IV and V, *infra*, for a further explanation of why the "profits" theory employed by the trial court was erroneous as a matter of law.

not as a result of the loss of royalty revenue to Rivet and Woodson. On authority of the latter cases, this was reversible error as a matter of law.

Accordingly, as indicated above and in the previous section, any award of damages must be based on the injury caused to those who have a right to sue and not to those who are not proper parties to the action, such as the non-exclusive licensee, Kori. Because Rivet and Woodson do not receive "profits" from the manufacture or sale of the patented pontoons, any damage award to them must be based on their actual injury, a loss of royalty revenue. As a result, the trial court's decision must be reversed, and this case remanded for a determination of a reasonable royalty.

IV.

DUE TO THE AVAILABILITY OF NON-INFRINGING SUBSTITUTE PRODUCTS, A "LOST PROFITS" THEORY OF DAMAGES CANNOT BE UTILIZED

If this Court should decide to make new law and determine the damage to Rivet and Woodson by analyzing the pecuniary loss to Kori and applying a "lost profits" theory of damages, the trial court's decision must, nonetheless, be reversed and remanded for a determination of a reasonable royalty. The law is not in dispute. It is well established, as recited by the trial court, that if non-infringing substitute products are available, a "lost profits" theory of damages cannot be employed. *Milgo Electronic* v. *United Business Communications, Inc., supra* at 663; *Panduit Corp.* v. *Stahlin Bros. Fibre Works, Inc., supra* at 1156 (opinion by Chief Judge Markey sitting by designation listing four facts which must be established to entitle complainant to "lost profits"); *Hughes Tool Co.* v. *F. W. Murphy Industries, Inc.*, 491 F.2d 923, 929-30, 180 USPQ 363 (5th Cir. 1973). However, the trial court's finding that non-infringing substitute products were *not* available is clearly erroneous.

Contrary to the findings of the trial court, the machinery built by Quality Industries of Thibodaux, Louisiana (hereinafter "Quality") was considered by the buyer of the machines to be an acceptable substitute for machinery manufactured and sold by Kori under the Rivet '785 patent. There is no question that the Quality machinery is non-infringing. The only question raised is whether the Quality machinery is an acceptable substitute. On this score, the trial court stated:

> There has been no evidence, however, of the specifications or the working capability of the Quality units. The only evidence of the capability of the products built by Quality is a vaguely worded and self-serving sales brochure. (See Wilco Exhibits 3 and 3a). It is not even clear whether Quality was marketing a comparable swamp machine during the period of infringement at issue in this case. . . . The evidence indicates that McDermott was interested in purchasing machines patented under the Rivet '785 patent from plaintiff Kori because these were the only machines capable of operating effectively in the jungle swamp of Nigeria. McDermott then became concerned that Kori might not be able to make timely delivery of the machines. . . . As a result of this concern about the timeliness of delivery, McDermott decided to purchase machinery from the defendant infringer, Wilco. Regardless of whether McDermott's fears were well founded, the fact remains that when McDermott sought a substitute for the patented Kori product, it turned not to Quality or some other manufacturer of marsh craft, but to the infringer, Wilco. Thus, from a buyer's perspective, the only acceptable substitute for the patented Kori machines were the infringing machines.

561 F. Supp. at 526.

The trial court, apparently, has overlooked substantial credible, unimpeached testimony and documentary evidence which directly contradicts the latter statements. Regarding availability and comparability of the Quality machinery, the trial court only acknowledged Quality's sales brochure and

apparently overlooked the testimony of Jules Dornier, III, Quality's project development engineer (A. 31-45). Mr. Dornier testified that, like the Rivet machine, the Quality pontoons had bulkheads, but differed by their use of longitudinal instead of transverse "I" beams and did not employ plastic support blocks. Further, the Quality pontoons were constructed in accordance with the Reynolds patent and depending on the expected environment of use, i.e., swamp or marsh, were reinforced along the bottoms and sides (A. 36-40). Further, Mr. Dornier testified that this type of equipment was offered for sale by Quality during the relevant period in 1979 and 1980 (A. 38). As such, the latter findings by the trial court were clearly erroneous.

Regarding the McDermott purchases, McDermott not only contacted Wilco and Kori, but also contacted Quality when assembling bids for the purchase of amphibious machinery for use in Nigeria (*See* Exhibit 30 dated January 11, 1980; A. 46). Quality, like Kori, could not meet McDermott's deadline and for this reason, McDermott chose Wilco (A. 41). The important fact is, of course, that Quality was in direct competition with Kori and offered a non-infringing substitute acceptable to McDermott. Further, a few months later, McDermott purchased Quality machinery — in competition with Kori — when McDermott's deadlines could be met. One such purchase by McDermott was from Ronald Adams, Contractor, Inc. (hereinafter "Adams"). In July of 1980, Adams provided an amphibious dragline which utilized a pontoon substructure manufactured by Quality (A. 48-52). Additional competitive equipment was obtained from Quality and others by McDermott as indicated in related correspondence and purchase orders (A. 53-62). Thus, non-infringing substitutes acceptable to McDermott were not only available to, but were actually purchased by McDermott. As such, the trial court's finding that McDermott looked only to Kori and Wilco for the machinery in issue was clearly erroneous.

Accordingly, the trial court's finding that there was no non-infringing substitute for the Kori machinery was clearly erroneous. Therefore, this Court must reverse the trial court's decision and remand this case for determination of a reasonable royalty.

V.

DAMAGES CANNOT BE COMPUTED BASED UPON PROFITS GAINED BY THE INFRINGER BUT ONLY PROFITS LOST BY THE COMPLAINANT

Even if a "lost profits" theory of damages is available in this case, the trial court erroneously awarded the infringers' "gained profits" instead of the complainants' "lost profits." Having found that Plaintiffs were entitled to profits lost on infringing sales, the court was misled by a statement in an old Fifth Circuit decision that the infringer's profits may be the measure of the damages suffered (*see Graham* v. *Jeffroy Mfg., Inc.*, 253 F.2d 72, 74 (5th Cir. 1958), cited by the trial court at 561 F. Supp. 527-528).

Several years later, the Supreme Court, in *Aro II, supra*, made it clear that defendant's profits are not recoverable as such, but only plaintiff's damages.[4] 377 U.S. at 505-506. In a recent case, the Fifth Circuit cited this holding and stated:

> The measure of recovery is not the infringer's profit, but those profits lost to the patentee.

Baumstimler v. *Rankin, supra*, 677 F.2d at 1071 (1982). Other Courts of Appeals concur. *See*, e.g., *Zegers* v. *Zegers, Inc., supra*, 458 F.2d at 727-729 (7th Cir. 1972); *Atlas-Pacific Eng'g Co.* v. *Geo. W. Ashlock Co.*, 339 F.2d 288, 290 (9th Cir. 1964); *Panduit Corp.* v. *Stahlin Bros. Fibre Works, Inc., supra 575 F.2d at 1156 (6th Cir.); Trio Process Corp.* v. *L. Goldstein's*

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[4] This interpretation of 35 U.S.C. § 284 results from the 1946 amendment to that section and was fully explained by the Supreme Court in *Aro II, supra*, at 504-08, and exhaustively analyzed in *Georgia-Pacific Corp.* v. *United States Plywood Corp.*, 243 F. Supp. 500, 515-46 (S.D. N.Y. 1965).

Sons, Inc., supra, 533 F.2d at 129 (3d Cir.), and *Foster* v. *American Machine & Foundry Co., supra*, 492 F.2d at 1320-21 (2d Cir.).

These courts indicate that the infringer's profits may constitute *evidence* of plaintiff's damages, but emphasize that the statute does not authorize award of defendant's profits *as such*, or the use of verbal gymnastics to obtain the practical equivalent of allowing recovery of the profits themselves. *See, e.g., Zegers, supra*, 458 F.2d at 727, fn. 3.

The trial court in this case did exactly that, justifying its award of Defendant Wilco's profits only on the basis that they "constitute a reasonable approximation of the damages suffered by plaintiffs." 561 F. Supp. at 528. The court made no findings whatsoever to support this conclusion. Accordingly, even assuming Kori's "lost profits" can be the basis for an award of damages under § 284,[4] the trial court, as a matter of law, erroneously awarded the infringers' profits gained instead of the complainants' profits lost.

As a result, this case, under any theory, must be reversed and remanded for a proper determination of damages.

VI.
THE AWARD OF EXEMPLARY DAMAGES AND ATTORNEY FEES WAS NOT JUSTIFIED

Upon remand, the trial court should be instructed that neither an award of exemplary damages nor attorney fees is appropriate in this case. The relevant statutes in Title 35 which pertain to exemplary damages and attorney fees, in pertinent part, are as follows:

> § 284. Damages
>
> * * * *
>
> When the damages are not found by a jury, the court shall assess them. In either event, the court may increase

[4] *See* Sections II, III and IV, *supra*, for an explanation of why Kori's "lost profits" cannot be used to formulate an award of damages in this case.

the damages up to three times the amount found or assessed.

§ 285. Attorney Fees

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

A. EXEMPLARY DAMAGES

The trial court determined Defendants' — the infringers' — profits and then awarded these infringer profits to Plaintiffs. In addition, the trial court determined that Defendants' infringement was willful (561 F. Supp. at 519, 522 and 532) and doubled the amount awarded as infringer profits. In so doing, the trial court committed errors of law and made a clearly erroneous finding of fact.

(1) Errors of Law.

As indicated previously (*See* Section V, *supra*), the trial court erred by computing damages based upon the infringers' "gained profits" instead of the complainants' "lost profits" This error was compounded by the trial court when it doubled the award of the infringers' profits as an award of exemplary damages. 561 F. Supp. at 532-33. An award of infringers' profits is made in equity; these are not a measure of damages.[4] Section 284, as well as all predecessor statutes providing for exemplary damages, permit the trial court to increase actual damages proven at law — not the infringers' profits accounted for in equity. *Birdsall* v. *Coolidge*, *supra* at 69-70; *New England Fibre Blanket Co.* v. *Portland Telegram*, 61 F.2d 648, 651, 15 USPQ 217 (9th Cir. 1932), *cert. denied*, 289 U.S. 752 (1933); *Georgia-Pacific Corp.* v. *United States Plywood Corp.*, *supra* at 519 (complainant's argument seeking trebling of the infringer's profits "would

[4] All of the cases cited in Section V, *supra*, recite this principle. For a further explanation of this dichotomy, *see Coupe* v. *Royer*, 155 U.S. 565, 582 (1894) and *Birdsall* v. *Coolidge*, 93 U.S. 64, 69-71 (1876).

be a far reaching innovation, for none of the statutes permitted trebling of infringer's profits."). As a result, the trial court erred as a matter of law by computing and awarding exemplary damages utilizing the infringers' (Defendants') profits.

Beyond this fundamental error, the trial court also erred by considering certain "factors" other than the alleged "willfulness" of the Defendants. Exemplary damages, as provided by the statute, are a means of punishing an infringer for its willful disregard of another's rights. The only factors which the trial court need consider in determining the amount, if any, of exemplary damages to be awarded are the facts which bear on the conclusion of willfulness and the infringer's ability to pay.

The purpose of exemplary damages is, of course, to punish, but not economically destroy the infringer.

In the present case, the trial court also considered the following additional factors: first, that the award of the infringers' profits were, due to Plaintiffs' failures in proof, not sufficient to fully compensate Plaintiffs; second, that the trial court was unable to compute prejudgment interest; and third, that sales of infringing devices for domestic use (for which Plaintiffs expressly waived redress against these Defendants) have also damaged Plaintiffs and Defendants should be held responsible for those sales.[7] 561 F. Supp. at 533. Consideration of these additional factors was an error of law.

Appellants' position is simple. Exemplary damages are meant to be punitive — not compensatory. *Seymour* v. *McCormick*, 57 U.S. (16 How.) 480, 488-89 (1853) ("It is true, where the injury is wanton or malicious, a jury may inflict vindictive or exemplary damages, not to recompense the plaintiff, but to punish the defendants.") Plaintiffs had the burden of proving their actual

[7] A suit for infringement against the buyers and users of those domestically sold machines is presently pending in the same United States District Court for the Eastern District of Louisiana, Cause No. 82-2247.

damages. Although damages need not be ascertained with absolute certainty, they must not be based on conjecture. The test has been variously stated. The Fifth Circuit has indicated that complainant "must demonstrate with 'reasonable probability' the portion of [the] infringing sales it would have made." *Baumstimler* v. *Rankin, supra* at 1072. The Third Circuit has held that "actual damages must be calculated, not imagined, and an arithmetical calculation cannot be made without certain data on which to make it." *Trio Process Corp.* v. *L. Goldstein's Sons, Inc., supra* at 130. The Supreme Court has gone so far as to say "that the damages shall be the result of the injury alleged and proved, and that the amount awarded shall be precisely commensurate with the injury suffered, neither more nor less ....." *Birdsall* v. *Coolidge, supra* at 65. It would be an anomaly at best to require the complainants to prove their actual damages in the latter fashion and then permit the trial court to increase those proven damages under the guise of making an exemplary damage award based upon the speculative factors announced by the trial court and set out above. *See Union Carbide Corp.* v. *Graver Tank & Manufacturing Co.*, 282 F.2d 653, 673-75 (7th Cir. 1960) (reversing arbitrary increase in damages by trial court that awarded increase on basis of cost of undefined "expenses" to plaintiff and value of undetermined "profits" and increased "standing among manufacturers" to defendants).

Further, regarding the domestic sales of other alleged infringing devices as to which the Plaintiffs waived damages, 561 F. Supp. at 533, the trial court was without jurisdiction to consider damages arising from these alleged infringements, and Defendants have been denied due process by not being permitted to be heard on those issues. Also, those alleged infringements are the subject of a separate suit for patent infringement, and it is axiomatic that there can be but one recovery from joint tortfeasors. *Aro II, supra* at 502-04.

Accordingly, the burden of proving the level of actual damages was on Plaintiffs, and the trial court should not be permitted to willy-nilly increase an award of actual damages under the guise of awarding exemplary damages.

Finally, as indicated above, the purpose of exemplary damages is to punish but not to economically destroy the willful infringer. As a result of the award of exemplary damages in this case, Defendants have been forced into bankruptcy. It was an error of law for the trial court to impose an award of exemplary damages that would have this effect.

2. The "Willfulness" Determination Was Based Upon Clearly Erroneous Facts.

To justify the imposition of exemplary damages, the trial court must find facts to support a conclusion that the infringement was willful and wanton. ***Baumstimler*** v. ***Rankin, supra*** at 1073. If the issues of validity and infringement are open to honest doubt and litigated in good faith (***Id.; Eltra Corp.*** v. ***Basic, Inc.***, 599 F.2d 745, 757-58, 202 USPQ 630 (6th Cir.), ***cert. denied***, 444 US 942 (1979), or if the infringer relied upon advice of counsel that the patent was not valid or not infringed (***Milgo Electronic Corp.*** v. ***United Business Communications, Inc., supra*** at 666), or if the infringer is familiar with the prior art and maintains a reasonable doubt regarding validity or infringement (***Baumstimler*** v. ***Rankin, supra*** at 1073), then it is an abuse of the trial court's discretion to conclude that the infringement was willful and impose exemplary damages.

The trial court stated:

> There has been no testimony in this case demonstrating that the defendants sought the advice of a qualified patent attorney before infringing upon the Rivet '785 patent. The evidence before the Court indicates that the defendants willfully and deliberately copied the Rivet '785 patent without soliciting advice of counsel. The advice of a qualified patent attorney was apparently only sought after

> defendants had begun to manufacture infringer units and after plaintiffs brought this suit to enforce the Rivet '785 patent. In the Court's opinion, the defendants had decided to market infringing machines without regard to authoritative legal advice and with reckless disregard for plaintiffs' rights under the Rivet '785 patent. Having failed to establish good faith reliance upon an authoritative opinion of invalidity, the defendants' deliberate and willful infringement of the Rivet '785 patent cannot be condoned. Given these circumstances, the Court is inclined to exercise its discretion in awarding exemplary damages.

561 F. Supp. at 532-33. The findings of fact set forth are clearly erroneous.

Robert Wilson, Sr., as found by the trial court, was a contract welder who initially worked for Kori and later worked as an independent contractor for his three sons, the individual Defendants. 561 F. Supp. at 518. Robert Wilson, Sr. had been engaged in the fabrication and manufacture of marsh buggy craft since 1950 and was well aware of prior art craft (A. 63-64). Based upon their knowledge and an independent review of the Kori patent, the individual Defendants determined that the patent was invalid, and as early as September of 1977, informed Plaintiffs of their belief of invalidity and that they were building equipment identical to that of Plaintiff Kori. 561 F. Supp. at 519. Kori responded that the patent would be enforced; nevertheless, more than two years passed before Plaintiffs sued the Defendants for patent infringement on September 20, 1979. Defendants immediately contacted an attorney, Mr. Nathan Greenberg, who also informed them that, in his opinion, the patent was invalid. After receiving Greenberg's opinion on invalidity, the Defendants contracted with Marine Contractors, Inc. through J. Ray McDermott for the sale of marsh buggy craft utilizing the patented pontoons for use in Nigeria. *See* 561 F. Supp. at 526. These sales to McDermott are the only infringing sales for which Plaintiffs sought damages and were all made after receiving an opinion from counsel that the Kori patent was

invalid. Plaintiffs' Exhibits 22 and 23 which comprise Greenberg's written opinion of invalidity dated January 8, 1980, which was sent to Marine Contractors, and an indemnity agreement executed on March 20, 1980 by Defendants based upon the strength of Greenberg's opinion, are included in the appendix at pages A. 65-85. All rentals of infringing craft by Defendants which are in issue occurred between 1979 and 1981.[9] Again, as with the infringing sales, the infringing rentals in issue occurred two years after Plaintiffs were on notice that Defendants were infringing and believed the patent invalid, and double damages were assessed based on rentals which were made after Greenberg had given his opinion on invalidity.

In view of the reasonable belief possessed by Defendants of the invalidity of the patent based upon their father's knowledge and their independent review of the patent, the confirmation by counsel of the invalidity of the patent prior to the infringing sales and rentals for which Plaintiffs seek damages, and the two year delay by Plaintiffs in filing suit after receiving notice that Defendants were infringing and believed the patent to be invalid, Defendants submit that the trial court abused its discretion by imposing exemplary damages. Although Defendants may have deliberately infringed, they did so openly and in the good faith and reasonable belief as confirmed by counsel that the patent was invalid. All cases cited above support, under similar facts, a reversal of the imposition of exemplary damages by the trial court.

B. ATTORNEY FEES

The trial court based its award of attorney fees on the ground that the Kori patent had been willfully infringed by Defendants. 561 F. Supp. at 532. For the same reasons set out above that an award of exemplary damages based upon an erroneous

[9] Plaintiffs did not offer evidence as to how much, if any, of Defendants' rentals occurred prior to Greenberg's opinion of invalidity.

determination of willfullness was an abuse of discretion, the trial court's award of attorney fees was also in error.

VII.

THE INDIVIDUAL DEFENDANTS, THE STOCKHOLDERS AND OFFICERS OF THE CORPORATE DEFENDANT SHOULD NOT HAVE BEEN FOUND PERSONALLY LIABLE FOR DAMAGES

In October of 1980, Defendants filed a motion to dismiss the individual Defendants on the basis that, if at all, the corporation, but not the officers and stockholders, were liable. However, the trial court concluded that the individual Defendants were jointly liable for damages with the corporate Defendant for inducing infringement.* 561 F. Supp. at 522, 534. From the trial court's memorandum opinion (A. 86) denying the motion to dismiss, it is apparent that the trial court, by citing with approval and quoting from such cases as *Mead Johnson & Co.* v. *Baby's Formula Service, Inc.*, 402 F.2d 19, 23, 159 USPQ 328 (5th Cir. 1968), found the individual Defendants liable because they controlled and directed the acts of the corporation as done by all corporate officers. This is the crux of the legal dilemma. There is a split of authority in the circuits. One line of cases sometimes followed by the Fifth Circuit, as reflected in *Mead Johnson & Co.*, takes the view that patent infringement is a tort; all torts by definition can only be committed by individuals; individuals are primarily liable for all torts in which they participate, and the corporation is liable secondarily through the doctrine of respondeat superior; therefore, all officers or agents of a corporation who direct the corporate activities which are ultimately held to constitute patent infringement are primarily and jointly liable with the corporation.

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*The injunction, of course, runs against the corporation and the officers. *See*, Fed. R. Civ. P. 65(d). The individual Defendants are not contesting in this appeal the imposition of injunctive relief against them.

The other line of cases, led by the Seventh Circuit, takes a more reasoned and sensible approach. Under the Seventh Circuit rule, corporate officers and agents are not jointly liable with the corporation for patent infringement unless they have acted outside the scope of their official duties. In *Dangler* v. *Imperial Machine Co.*, 11 F.2d 945 (7th Cir. 1926), the Seventh Circuit explained:

> The weight of authority, it seems, denies such liability in the ordinary case. That is to say, if the officers act merely as officers, they are not liable jointly with the corporation. It is only when the officers act outside the scope of their official duties that they become liable.
>
> * * * *
>
> After due consideration of the various authorities, as well as the reasons back of the two positions, we adhere to [our previous position] and hold that, in the absence of some special showing, the managing officers of a corporation are not liable for the infringements of such corporation, though committed under their general direction. *The uncertainty surrounding the questions of validity and infringement make any other rule unduly harsh and oppressive* (emphasis added).

11 F.2d at 946-947. Regarding the case before it, the court concluded:

> . . . [T]he case is the usual one where a bona fide corporation embarked on a business which it found was covered by numerous patents. A competing concern insisted that it had a patent which covered one of its products. The [defendant corporation] sought and secured the advice of reputable counsel to the effect that its machine was not an infringement of the competitor's patents. Relying on this advice, the board of directors proceeded with the litigation and with the business. This showing falls far short of establishing any one of the situations for which the officer of the corporation may be held liable for the infringements of the corporation.

Id. at 948.

This rule was reaffirmed and adhered to by the Seventh Circuit some thirty years later in *Powder Power Tool Corp.* v. *Powder Actuated Tool Co.*, 230 F.2d 409, 414, 108 USPQ 155 (7th Cir. 1956), in which defendant Klunk, Sr. was found not to have exceeded his duties as an officer of the defendant corporation and, thus, was not personally liable for the company's infringement. Other courts have recognized the equities favoring limited personal liability of corporate officers and directors set forth in *Dangler*, and have proceeded to deny such liability. *Schreyer* v. *Casco Products Corp.*, 97 F. Supp. 159, 88 USPQ 515 (D. Conn. 1951), *aff'd as modified on other grounds*, 190 F.2d 921, 90 USPQ 271 (2d Cir. 1951, *cert. denied*, 342 U.S. 913 (1952); *Besly-Welles Corp.* v. *Balax, Inc.*, 291 F. Supp. 328, 160 USPQ 265 (E.D. Wis. 1968), *aff'd*, 421 F.2d 809, 821, 164 USPQ 485 (7th Cir. 1980), *cert. denied*, 399 U.S. 911 (1980); *Wisconsin Alumni Research Foundation* v. *Vitamin Technologists, Inc.*, 41 F. Supp. 857, 51 USPQ 345 (S.D. Cal. 1941), *aff'd*, 146 F.2d 941, 63 USPQ 262 (9th Cir. 1945), *cert. denied*, 325 U.S. 876 (1945).[18]

In this case, there is no evidence and no finding that any of the individual Defendants acted beyond the scope of their official duties. As indicated in the previous section, the infringement in issue was not willful, but occurred after consulting with counsel and a studied review of the patent by one who was skilled and knowledgeable in the state of the art. Further, the questions of whether a patent is valid and infringed — especially here where the patent in issue is merely an improvement patent over closely

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[18] While recognizing that an injunction will run against the officers of a corporation, Deller's *Walker on Patents* §500 (2nd Ed. 1965) distinguishes liability for damages and states:

> An officer of a corporation is not personally liable for damages and profits resulting from infringement unless he inflicted the wrong otherwise than through the usual relations between officer and corporation. Infringement by officers of corporations must be as individuals before they can be held personally liable. [Footnotes omitted.]

related prior art and had not been previously litigated — are questions which cannot be affirmatively answered or predicted until the last avenue of appeal is exhausted. This uncertainty, which every corporate officer or agent must face when deciding whether to contest validity of a patent taken in light of the inflexible and arbitrary rule which would automatically find that person individually liable for infringement would have a chilling effect on the incentive to contest patent validity which the Supreme Court has directed, as a matter of policy, is to be encouraged. *Lear* v. *Adkins*, 395 U.S. 653 (1969).

Accordingly, regarding the individual Defendants, this case should be reversed and remanded for a determination of whether the individual Defendants acted within the scope of their authority. If so, then those Defendants should be dismissed from the case at least insofar as an award of damages is concerned. This Court should follow the lead of the Seventh Circuit and adopt the reasoning of the *Dangler* opinion.

VIII.

CONCLUSION

This Court should reverse the trial court's decision and remand this case for a determination of a reasonable royalty. On remand, the trial court should be instructed that an award of exemplary damages and attorney fees is not justified and that the individual Defendants cannot be found to be personally liable absent findings of fact that these individuals acted beyond the scope of their authority to infringe the patent in issue.

Respectfully submitted,

NED L. CONLEY
BUTLER & BINION
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195

Attorney-in-Charge for Defendants/Appellants

Of Counsel:

JEFFREY W. TAYON
BUTLER & BINION
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3111

CERTIFICATE OF SERVICE

I hereby certify that two true and correct copies of the foregoing Appellants' Reply Brief has been sent to all counsel of record by first class mail on this .... day of August, 1983.

.....

NED L. CONLEY

FEDERAL COURTS IMPROVEMENT ACT OF 1982

P.L. 97-164, see page 96 Stat. 25

House Report (Judiciary Committee) No. 97-312,
Nov. 4, 1981 [To accompany H.R. 4482]

Senate Report (Judiciary Committee) No. 97-275
Nov. 18, 1981 [To accompany S. 1700]

Cong. Record Vol. 127 (1981)

Cong. Record Vol. 128 (1982)

DATES OF CONSIDERATION AND PASSAGE

House November 18, 1981; March 9, 1982

Senate December 8, 1981; March 22, 1982

The House bill was passed in lieu of the Senate bill after amending its language to contain much of the text of the Senate bill.

The Senate Report is set out.

SENATE REPORT NO. 97-275

[page 1]

The Committee on the Judiciary, to which was referred the bill (S. 1700) having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

Purpose of the Bill

The purpose of the proposed legislation is to resolve some of the myriad structural administrative and procedural problems that have impaired the ability of our Federal courts to deal with the vast range of controversies among our citizens and to respond promptly and meaningfully to their demands for justice. Those problems—which include the inability of our present system to provide a prompt, definitive answer to legal questions of nationwide significance—have long been debated by legislators, judges, lawyers, legal scholars, and those members of the general public concerned with the administration of the Federal justice system.

The Courts Improvement Act is one of the court reform bills considered by the committee during the 97th Congress as part of a comprehensive program designed to improve the quality of our Federal court system and to enhance citizen access to justice.

Explanation of the Bill

During the 96th Congress, the Judiciary Committees of both Houses held extensive hearings on and reported out bills concerning improvements in the structure and administration of the Federal courts. S. 1477

was reported out of the Senate Judiciary Committee on August 3, 1979 and passed the Senate by unanimous consent on October 30, 1979. H.R. 3806 was reported out of the House Judiciary Committee on September 5, 1980 and passed the House on the suspension calendar by voice vote on September 15, 1980. An agreement was reached between the Senate and House on a compromise amendment in the nature of a substitute to be offered by the Senate to the House bill, but which substantially reflected the contents of S. 1477. However, this version when brought before the Senate was the subject of an attempt to add a controversial nongermane amendment and the bill was withdrawn without further action.

In the 97th Congress, on January 5, 1981, Senator DeConcini introduced S. 21, which embodied all of the provisions of S. 1477 as passed, with a few minor changes. On April 24 and May 18, 1981, hearings concerning the proposal were held by the Subcommittee on Courts, at which time favorable testimony was received. On June 22, 1981, the Subcommittee reported out an unintroduced committee print substantively the same as S. 21, with a few technical changes. On June 20, 1981, the full Committee referred the unintroduced Committee print back to Subcommittee for additional technical amendments. The Subcommittee on Courts considered the changes recommended by the Judicial Conference and the Department of Justice. As a result, a clean bill was polled out of Subcommittee and on October 5 the reported bill was introduced by Chairman Dole and Senator DeConcini as S. 1700. The Committee on the Judiciary considered this measure at its executive session on October 20 and ordered the bill reported favorably to the Senate.

TITLE I—TRIAL AND APPELLATE STRUCTURE FOR GOVERNMENT CLAIMS, PATENTS, AND OTHER MATTERS

Organization, structure and jurisdiction

Part A of Title I has three purposes: to fill a void in the judicial system by creating an appellate forum capable of exercising nationwide jurisdiction over appeals in areas of the law where Congress determines there is a special need for nationwide uniformity; to improve the administration of the patent law by centralizing appeals in patent cases; and to provide an upgraded and better organized trial forum for government claims cases. To achieve these goals, the bill establishes a new Federal court of appeals, to be called the United States Court of Appeals for the Federal Circuit. This is accomplished by merging the Court of Claims and the Court of Customs and Patent Appeals. The bill also creates a new article I trial forum known as the United States Claims Court, which would inherit the trial jurisdiction of the Court of Claims.

Court of Appeals for the Federal Circuit

The bill creates an article III court that is similar in structure to the twelve other courts of appeals. It is composed of the twelve judgeships of the Court of Claims and the Court of Customs and Patent Appeals, which become United States circuit judgeships; those courts are abolished by the merger. The new court is on line with other

Federal courts of appeals that is, it is not a new tier in the judicial structure.

The Court of Appeals for the Federal Circuit differs from other Federal courts of appeals, however, in that its jurisdiction is defined in terms of subject matter rather than geography. The new court inherits, in appellate form, substantially all of the jurisdiction of the two courts abolished in the merger. This includes appeals in suits against the government and appeals from the Court of International Trade, the Patent and Trademark Office, the Merit System Protection Board, and other statutorily defined agencies.

Contemporary observers recognize that there are certain areas of Federal law in which the appellate system is malfunctioning. A decision in any one of the twelve regional circuits is not binding on any of the others. As a result, our Federal judicial system lacks the capacity, short of the Supreme Court, to provide reasonably quick and definitive answers to legal questions of nationwide significance. The Supreme Court now appears to be operating at—or close to—full capacity; therefore, in the future the Court cannot be expected to provide much more guidance in legal issues than it now does. Yet the number and complexity of unsettled controversies in the law continues to grow.

Consequently, there are areas of the law in which the appellate courts reach inconsistent decisions on the same issue, or in which—although the rule of law may be fairly clear—courts apply the law unevenly when faced with the facts of individual cases. The difficulty here is structural. Since the Supreme Court's capacity to review cases cannot be enlarged significantly, the remedy lies in some reorganization at the intermediate appellate level. This matter has been the subject of intense study over the last decade.[1] Although enactment of the Omnibus Judgeship Act of 1978,[2] which authorized 152 new federal judgeships, meets some compelling problems of the judicial system, it fails to cure the basic weaknesses that have arisen in the judicial structure.

The creation of a new Court of Appeals for the Federal Circuit through a merger of the Court of Claims and the Court of Customs and Patent Appeals (CCPA) addresses these structural problems. The Act provides a new forum for the definitive adjudication of selected categories of cases. At the same time, it improves the administration of the system by reducing the number of decision-making entities within the federal appellate system.

Testimony on the Federal Courts Improvements Act supported the premise that the capacity of the federal appellate courts to provide a nationwide answer to legal questions could be expanded through the establishment of new courts of appeals whose jurisdiction is defined on

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[1] To increase the capacity of the federal judicial system for definitive adjudication of issues of national law, various proposals for restructuring the federal appellate courts have been considered in recent years by lawyers, jurists, and academicians. Detailed recommendations have been developed by the Study Group on the Caseload of the Supreme Court (the *Freund Committee*), the Committee on Revision of the Federal Court Appellate System (the *Hruska Commission*), and the Advisory Council for Appellate Justice chaired by Professor Maurice Rosenberg. See *Federal Judicial Center*, Report of the Study Group of the Caseload of the Supreme Court (1972); Commission on Revision of the Federal Courts Appellate System, Structure and Internal Procedures: Recommendations for Changes reprinted in 67 F.R.D. 195 (1975); and Advisory Council for Appellate Justice, Recommendations for Improving the Federal Intermediate Appellate System (1975).

[2] Public Law No. 95-486.

a topical rather than a geographical basis.[3] The creation of the Court of Appeals for the Federal Circuit provides such a forum for appeals from throughout the country in areas of the law where Congress determines that there is special need for national uniformity. The absence of such a court in the present Federal judicial system has compelled Congress from time to time in the past to create particular courts to handle a narrow category of cases.[4] Although the jurisdiction of the federal circuit is presently delineated in the manner outlined above, the creation of a Federal appellate court with jurisdiction that is defined in terms of subject matter rather than territory provides an institutional structure which the Federal judicial system, as it is presently constituted, lacks. The committee has determined that an adequate showing has been made for nationwide subject matter jurisdiction in the areas of patent and claims court appeals. It must be understood, however, that it is not the committee's judgment that broader subject matter jurisdiction is intended for this court.

It must therefore be noted that any additional subject matter for the United States Court of Appeals for the Federal Circuit will require not only serious future evaluation, but new legislation.

Throughout the development of this legislation, the committee and its staff have worked closely with the Departments of Justice and Commerce, as well as the judges of the Court of Claims and the Court of Customs and Patent Appeals to assure that the merger of these two courts is both desirable and feasible. The committee is indebted to the judges of these courts, and particularly to Chief Judge Friedman and to Chief Judge Markey, for their testimony and assistance in understanding the impact of the proposal on their courts. The Committee is satisfied that the merger of these courts would, in fact, produce significant improvements in the federal judicial structure. Hearing testimony supported this proposition. Chief Judge Friedman of the Court of Claims testified at some length as to the substantial benefits that would result from the consolidation of these two courts into a new court of appeals.[5]

From a practical standpoint, a merger of the Court of Claims and the CCPA can be accomplished with virtually no disruption to the people involved. The existing courts already jointly occupy almost all of the Courts Building at Lafayette Square in Washington, D.C. They already share the same library, and court personnel share the same dining facilities. The Court of Claims trial commissioners (who become judges of the new United States Claims Court) are also located in this building. Furthermore, there is already a standing order of the Judicial Conference allowing the interchange of judges between the two courts.[6]

Indeed, the creation of a single new appellate entity through a merger of these courts has considerable advantages in terms of basic effi-

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[3] See hearings on the Federal Courts Improvement Act of 1979 before the Senate Judiciary Subcommittee on Improvements in Judicial Machinery, 96th Cong., 1st Sess. 46, 92 (1979) (statements on Erwin N. Griswold and Paul D. Carrington). (Hereinafter referred to as 96th Cong. Hearings).

[4] For example, the Temporary Emergency Court of Appeals, Public Law No. 92-210, and the United States Foreign Intelligence Surveillance Court, 50 U.S.C. 1801 et seq.

[5] 96th Cong. Hearings, supra, note 3 at 75. (statement of Daniel M. Friedman).

[6] See, Report of the Proceedings of the Judicial Conference of the United States, September 23-24, 1976, at 52.

ciencies and economics. The Court of Claims and the Court of Customs and Patent Appeals were historically justified at the time they were created, and those courts have performed well with the cases that have been assigned to them through the years. But the merger of these two courts reduces overlapping functions and provides for more efficient court administration. For example, there should be savings through the maintenance of one clerk's office instead of two.

The establishment of the Court of Appeals for the Federal Circuit also provides a forum that will increase doctrinal stability in the field of patent law. Based on the evidence it had compiled, the Hruska Commission singled out patent law as an area in which the application of the law to the facts of a case often produces different outcomes in different courtrooms in substantially similar cases.[7] Furthermore, in a Commission survey of practitioners, the patent bar indicated that uncertainty created by the lack of national law precedent was a significant problem, and the Commission singled out patent law as an area in which widespread forum-shopping is particularly acute.[8]

Although the proposal to centralize patent appeals in a single court is not without its critics, the issue was amply addressed in the hearings held both earlier this year and during the 96th Congress. The great weight of the testimony, which included statements from distinguished jurists, patent practitioners, and representatives of major technologically-oriented business enterprises, confirmed the fiindings of the Hruska Commission that patent cases are inconsistently adjudicated. The testimony received by the committee also supported the basic objective of providing for uniformity of doctrinal development in the patent area. The committee found particularly persuasive the testimony of the users of the patent system. For example, Industrial Research Institute is a private, non-profit corporation with a membership of approximately 250 industrial companies that conduct a major portion of the industrial research and development carried on in the United States. It polled its membership and found them overwhelmingly in favor of centralizing patent appeals in a single court.[9]

The creation of the Court of Appeals for the Federal Circuit will produce desirable uniformity in this area of the law. Such uniformity will reduce the forum-shopping that is common to patent litigation. The Hruska Commission's patent law consultants, James B. Gambrell and Donald R. Dunner, concluded that forum-shopping on the scale that occurs in patent law increases the cost of litigation and "demeans the entire judicial process and the patent system as well."[10] Removing the incentive to forum-shop thus will reduce costs to litigants and will also be a positive improvement from the standpoint of the judicial system. Moreover, as the new court brings uniformity to this field of law, the number of appeals resulting from attempts to obtain different rulings on disputed legal points can be expected to decrease.

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[7] Commission on Revision of the Federal Court Appellate System, Structure and Internal Procedures: Recommendations for Change, 13, 144–57, reprinted at 67 F.R.D. 195, 214, 261–76 (1975) (hereinafter cited as Commission).

[8] Id. at 144–157, 67 F.R.D. at 261–76. See also Appendix A.

[9] See Hearings on the Federal Court Improvements Act before the Senate Judiciary Subcommittee on Courts, 97th Cong., 1st Sess. (1981) (statement of Richard C. Witte on behalf of the Industrial Research Institute, Inc.).

[10] Commission, supra, at 182, 67 F.R.D. at 270. 96th Cong. Hearings, (statement of Donald R. Dunner, May 7, 1979).

Likewise, uniformity in the law will be a significant improvement from the standpoint of the businesses that rely on the patent system. Business planning will become easier as more stable and predictable law is introduced. This can have important ramifications upon our economy as a whole. For example, Harry F. Manbeck, Jr., General Patent Counsel of the General Electric Company, testified that stability in the patent law has an effect on technological innovation:

> Patents, in my judgment, are a stimulus to the innovative process, which includes not only investment in research and development but also a far greater investment in facilities for producing and distributing the goods. Certainly, it is important to those who must make these investment decisions that we decrease unnecessary uncertainties in the patent system.[11]

While the suggestion has been made that this objective might be accomplished simply by expanding the jurisdiction of the CCPA, the committee rejected such an approach as being inconsistent with the imperative of avoiding undue specialization within the Federal judicial system. Consequently, the Act adheres to the original philosophy of S. 677 and S. 678 of the 96th Congress which, in the words of Judge Jon O. Newman, represents "a sensible accommodation of the usual preference for generalist judges and the selective benefit of expertise in highly specialized and technical areas." [12]

The Court of Appeals for the Federal Circuit will not be a "specialized court," as that term is normally used. The court's jurisdiction will not be limited to one type of case, or even to two or three types of cases. Rather, it will have a varied docket spanning a broad range of legal issues and types of cases. It will handle all patent appeals, plus government claims case and all other appellate matters that are now considered by the CCPA or the Court of Claims—cases which contain a wide variety of issues.

This rich docket assures that the work of the proposed court will be broad and diverse and not narrowly specialized. The judges will have no lack of exposure to a broad variety of legal problems. Moreover, the subject matter of the new court will be sufficiently mixed to prevent any special interest from dominating it.

It is important that the docket of the new court be not only varied but also manageable. An analysis of the proposed workload discloses that a merger of the courts will produce a reasonable caseload. The dockets of both existing courts are current. Set out below are tables showing the sources of cases for the proposed court.

The docketing of cases in the Court of Claims presents a confusing statistical picture to the uninitiated. Some cases appear on the trial

CASELOAD IN THE COURT OF CUSTOMS AND PATENT APPEALS, FISCAL YEAR 1981

Type of case	Filed	Terminated
Customs, commerce, and international trade	35	30
Patent and trademarks	124	126
Total CCPA cases	159	156

[11] 96th Cong. Hearings, (statements of Harry F. Manbeck and Donald R. Dunner, May 7, 1979).
[12] 96th Cong. Hearings, (statement of Judge Jon O. Newman, March 30, 1979).

commissioners docket and others' appear on the docket of the article III judges, while some cases are placed on both dockets. For purposes of projecting the new court's caseload, the relevant statistics are not those that reveal the total caseload of the Court of Claims but rather those that reflect the caseload of the article III judges on the Court. The following table contains those figures.

Appellate caseload in the Court of Claims, fiscal year 1981

Total dispositions by article III judges:	
In chambers	364
Calendar	198
Requests for review	80
Total article III judge workload	512

In addition to inheriting the jurisdiction of the CCPA and of the Court of Claims, the new appellate court will also receive all patent appeals and all appeals in federal contract cases brought against the United States that are presently heard in the regional courts of appeals. On the basis of 1981 figures, the new court will handle approximately 159 cases that otherwise would have been heard by the CCPA, 512 cases that would have been heard by the Court of Claims, and approximately 400 patent or federal contract cases coming directly from the district courts that would have been heard by the existing circuits courts of appeals. This will provide an adequate but not burdensome workload for a court of twelve judges.

Although the workload per judgeship will be lighter here than in the other circuits, a reduced number of appeals is desirable for this court. The Court of Appeals for the Federal Circuit will be considering cases that are unusually complex and technical. Consequently, its cases will be extraordinarily time-consuming, and fewer of them will be appropriate for summary disposition than is true of the cases that make up the dockets of the regional courts of appeals. In addition it is important that the newly created court with nationwide jurisdiction not be initially overloaded. Decisions of this court will have precedential effect throughout the country; it is important for the judges of the court to have adequate time for thorough discussion and deliberation.

In summary, the consolidation of the Court of Claims and the Court of Customs and Patent Appeals is desirable. It is logistically feasible. Indeed, it makes maximum use of facilities and personnel that are already a part of the federal system. As Chief Judge Frank M. Coffin noted, the proposal "has the merit of avoiding any net increase in courts." [13] Thus, the bill makes only a modest change in federal appellate court structure. It does, however, create a permanent forum that is capable of exercising nationwide jurisdiction of appeals in categories of cases where there have been special problems of inconsistency in the law. It also provides for increased stability in the patent law by channelling appeals in those cases to a single forum.

U.S. Claims Court

The bill also creates a new article I trial forum known as the United States Claims Court. The Claims Court inherits substantially all the trial jurisdiction of the Court of Claims, which under present practice

[13] Written statement of Judge Frank M. Coffin (March 30, 1979) 9.

is exercised largely by the commissioners of that court. The Court is composed of sixteen article I judges who will be appointed by the President, with the advice and consent of the Senate, for a term of fifteen years. As a transitional measure, persons who were in active service as Commissioners of the Court of Claims on the effective date of the Act become article I judges of the Claims Court. Like the present Court of Claims and the Tax Court, the Claim Court is authorized to sit nationwide. In organization and procedure it resembles the United States Tax Court.

Changes in the existing structure of the Court of Claims have been advocated by practitioners with extensive experience before the court and by the commissioner themselves. [14] The establishment of the Claims Court accomplishes a much needed reorganization of the current system by assigning the trial function of the court to trial judges whose status is upgraded and who are truly independent. Presently, the commissioners of the Court of Claims are appointed by the article III judges of that court and do not have the power to enter dispositive orders; final judgment in a case must be made by the article III judges after reviewing findings of fact and recommendations of law submitted by a commissioner. The creation of the United States Claims Court will reduce delay in individual cases and will produce greater efficiencies in the handling of the court's docket by eliminating some of the overlapping work that has occurred as a result of this process.

Conforming amendments outside title 28

Part B of title I makes technical and conforming amendments outside of title 28 relating to the United States Court of Appeals for the Federal Circuit.

Miscellaneous provisions

Part C of title I contains sections concerning current service of current judges and Court of Claims commissioners, appointment of the chief judge of the United States Court of Appeals for the Federal Circuit, and TVA legal representation.

TITLE II—GOVERNANCE AND ADMINISTRATION

Title II recognizes that our courts must be properly governed and administered if the goals of fairness and efficiency in the administration of justice are to be achieved.

Chief judge tenure

Under existing law, the chief judge of each Federal court of appeals or district court is the judge who is most senior in commission and under age 70. Depending on the relative ages and seniority of the judges in a given circuit or district, a court may have a single chief judge for many years, or it may have a rapid turnover in the chief judge's position if several judges on the court reach age 70 within a relatively short period. Either extreme may result in administrative inefficiencies that are a needless additional burden on the already overworked courts. Part A of title II retains seniority as the basis for the

[14] Written statement of Clarence T. Kipps, Jr., Chairman, Court of Claims Committee of the Bar Association of the District of Columbia (May 18, 1981); written statement of Chief Judge Daniel M. Friedman (April 24, 1981), 3-6.

appointment of a chief judge but avoids the extreme of either too lengthy or too short a term by fixing seven years as the maximum term of service and by precluding appointment of a chief judge who is 65 or older at the time of his appointment. Thus, both a minimum and maximum term is established, thereby striking a sound balance between continuity and rotation. As a transitional measure, these changes will not take effect until one year after the date of enactment and will not apply to anyone serving as a chief judge on that effective date.

Precedence and composition of panel

Part B of title II requires that Federal appellate panels be composed of at least three judges, at least a majority of whom shall be judges of the circuit court, and that the presiding judge be a judge of that court in regular active service. Current law seems to permit appellate courts to sit in panels of less than three judges, and some courts have used panels of two judges for motions and for disposition of cases in which no oral argument is permitted because the case is classified as insubstantial. In order for the Federal system to perserve both the appearance and the reality of justice, such a practice should not become institutionalized. The disposition of an appeal should be the collective product of at least three minds. Moreover, this section would permit the courts of appeals to sit en banc with less than a full en banc court for cases in which authoritativeness of opinion is particularly useful or in which the issues are especially difficult or important. The circuit courts could continue to adopt local rules permitting the disposition of an appeal in situations in which one of the three judges dies or becomes disabled and the remaining two agree on the disposition; but, in the first instance, all cases would be assigned to panel of at least three judges.

With a substantial number of judges from outside the circuit sitting by designation, and with district judges sitting regularly on the courts of appeals, it is not infrequent that there will be only one circuit judge on a panel or that the presiding judge will be a senior judge or a judge from another circuit. Such situations lead to doctrinal instability and unpredictability in the law of the circuit because district court and court of appeals judges from outside the circuit may not know or may not feel bound by the law of that circuit. In addition, a strong argument can be made that the law of a particular circuit should be determined by an appellate court, the majority of which should be judges of that circuit. The Bill discourages any unnecessary borrowing of judges and promotes stability and predictability by requiring a majority of each panel to be composed of judges of the circuit court except under specified exigent circumstances.

Judicial councils

Part C of title II makes only technical and conforming amendments to sections concerning the judicial councils of the circuit courts.

Retirement and pensions

Part D of title II addresses the issue of judicial resignation and retirement and also the pension of a government employee who leaves judicial office to serve in other government service.

Section 207 amends sections 8332(b) and 8334 of Title 5 of the United States Code. The amendments concern credit allowed for cer-

tain service in a judicial capacity unless the employee is entitled to certain salary or annuity payments. Also the section states how certain pension fund payments are to be handled by the Director of the Administrative Office of the United States Courts and how they are to be treated for tax purposes. It is the clear intention of the Committee that this section make no substantive changes in the Federal Judicial Retirement Program.

Section 207 requires the Administrative Office of the United States Courts to pay a deposit into the civil service retirement fund for article III judges who resign to accept executive branch positions. Such Federal judges give up a lifetime salary mandated by the Constitution, even though they have not been able to accrue pension benefits for their years of Federal service under the civil service retirement program. Under existing law, such judges are credited for their years of service on the Federal bench but receive a sharply reduced retirement annuity since contributions to the fund were not made during those years. The Act requires the Administrative Office to deposit into the fund an amount sufficient to provide a full retirement annuity for former Federal judges who have foregone their lifetime salaries to accept other employment by the Federal Government.

This amendment is designed to prevent injustice and to avoid penalizing judges who leave the bench to accept Executive appointments.

Temporary assignment of judges to administrative positions

Part E of title II authorizes an active or retired justice or judge of the United States to be assigned temporarily to the position of Administrative Assistant to the Chief Justice, Director of the Administrative Office of the United States Courts, or Director of the Federal Judicial Center. Such service would be without additional compensation.

This provision makes available to the judiciary the talents of administratively able judges and thereby strengthens the administration of the Federal judiciary. Presently, the Office of the Chief Justice is administratively overloaded; this proposal makes it possible for the Chief Justice to delegate a larger array of his routine administrative duties. This section was first proposed by the Chief Justice of the United States almost a decade ago; the committee is of the opinion that the appropriate appointing bodies should have the flexibility and authority to staff these positions with especially competent and talented members of the Federal judiciary.

The committee is, of course, aware that it may not be necessary to invoke this section in filling the various vacancies. Certainly, the Federal Judicial Center, Administrative Office and Administrative Assistant positions have not suffered in the past from the failure of a sitting judge to be appointed. But the committee is of the view that there should be the option of filling these vacancies with competent appointments from the Federal judiciary. Although the committee considers this Part to be a very useful measure, it is not designed to provide the ultimate solution to the problems of administering a greatly enlarged Federal judiciary. As the Chief Justice has continuously pointed out, those problems require further study and legislative attention.

Publication of rules

Part F of title II amends chapter 131 of title 28 of the United States Code by adding a new section 2077.

Paragraph (a) calls for the publication of rules governing conduct of the business of the court.

Paragraph (b) requires each court of appeals to create an advisory committee to make recommendations to the judges in formulating rules of practice and of internal operating procedures. This would provide valuable assistance to the judges in developing sound rules and would provide practitioners with useful information and a better understanding concerning the court's business.

TITLE III—JURISDICTION AND PROCEDURE

Transfer of cases

In recent years much confusion has been engendered by provisions of existing law that leave unclear which of two or more federal courts including courts at both the trial and appellate level—have subject matter jurisdiction over certain categories of civil actions. The problem has been particularly acute in the area of administrative law where misfilings and dual filings have become commonplace. The uncertainty in some statutes regarding which court has review authority creates an unnecessary risk that a litigant may find himself without a remedy because of a lawyer's error or a technicality of procedure.

At present, the litigant's main protective device, absent an adequate transfer statute, is the wasteful and costly one of filing in two or more courts at the same time. This puts increased burdens on the courts as well as on the parties.

Although most problems in this regard relate to controversies involving the district courts and the court of appeals, there also have been cases involving the Court of International Trade, and the Temporary Emergency Court of Appeals. Therefore, the language of Part A of Title III is broadly drafted to permit transfer between any two federal courts.[18]

Interest

Under current law, the interest rate on judgments in the Federal courts is based on varying State laws and frequently falls below the contemporary cost of money. Part B of title III sets a realistic and nationally uniform rate of interest on judgments in the Federal courts that would be keyed to the prime interest rate as determined by the Internal Revenue Service. This eliminates an economic incentive which exists today for a losing defendant to appeal a judgment and accumulate interest on the judgment award at the commercial rate during the pendency of the appeal.

There are presently no generally applicable guidelines concerning the award of prejudgment interest in Federal courts. Yet such interest may be essential in order to compensate the plaintiff or to avoid unjust enrichment of the defendant. For instance, a plaintiff who is unlaw-

[18] For further discussion see Hearings on Judicial Housekeeping Before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, 95th Cong., 2d Sess. 373–390 (1978). See Appendix B.

fully deprived of the use of $20,000 in 1976 and who does not receive a judgment until 1979, could have obtained $4,500 in those three years by investing the money at seven percent compounded interest. The bill provides that, where a defendant knew of his liability, interest be awarded for the prejudgment period at a rate that is keyed to the prime interest rate, where this is necessary to compensate the plaintiff. The imposition of such interest would be left to the discretion of the district judge in each case.

Finally, the Committee took this opportunity to consolidate into one statute the three provisions of Title 28 of the United States Code dealing with the award of interest on judgments. Consequently the provisions of this bill for prejudgment interest and a new interest rate on judgments will apply uniformly to suits between private litigants and to suits against the government.

TITLE IV—MISCELLANEOUS PROVISIONS

Title IV contains three sections. The first section amends 28 U.S.C. 753 to allow the use of electronic sound recording, or other methods of recording, in judicial proceedings in addition to those methods which are permitted under existing law, including shorthand or other mechanical means. The second section sets the general effective date of the bill as sixty days after the enactment date. The third provision addresses the issue of the effect of the bill on pending cases.

SECTION-BY-SECTION ANALYSIS

TITLE I—U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND UNITED STATES CLAIMS COURT

Organization, structure, and jurisdiction

Section 101.—Section 101(a) amends section 41 of title 28 of the United States Code by creating a thirteenth judicial circuit of the United States, the United States Court of Appeals for the Federal Circuit, to review orders and judgments in selected categories of cases. The Federal Judicial Circuit comprehends all 95 judicial districts, including those of courts in the territories created by Act of Congress which are invested with any jurisdiction of a district court of the United States.

Section 102.—Section 102(a) amends section 44(a) of title 28, United States Code, by authorizing the President, with the advice and consent of the Senate, to appoint twelve judges for the United States Court of Appeals for the Federal Circuit. Section 102(b)(1) makes the tenure, residence, and salary provisions of section 44 that apply to Federal courts of appeals judges apply also to the judges of the Federal circuit, except that judges of that court must reside within fifty miles of the District of Columbia while in active service. Section 102(b)(2) clarifies the language setting out where regular sessions of the courts of appeals may be held. Subsection (b)(3) designates the District of Columbia as the statutorily-prescribed place where regular sessions of the court of appeals for the Federal circuit shall be held. Subsection (b)(4) allows a court of appeals to

hold special sessions at any place within its circuit as the nature of the business may require.

Sections 103–104.—Sections 103 and 104 are technical amendments providing for the consistent usage of the term "panel" throughout 28 U.S.C. 46. Section 104(a) also allows the United States Court of Appeals for the Federal Circuit to sit in panels of more than three judges if its rules so provide.

Section 105.—Under existing law, chapter 7 of title 28, United States Code, pertains to judges of the Court of Claims. Section 105 of the bill amends this chapter to apply instead to the judges of a newly constituted trial court, which will assume the functions of the trial division of the current Court of Claims. The current commissioners are much like magistrates and are appointed by the Court of Claims. The amended chapter is titled "United States Claims Court," and it provides as follows:

Subsection (a) of section 171 of title 28 authorizes the President to appoint, by and with the advice and consent of the Senate, sixteen judges who will constitute a court of record known as the United States Claims Court. The court will be established under article I of the Constitution of the United States. Because 28 U.S.C. 2509 of existing law gives the trial judges of the Court of Claims jurisdiction to hear congressional reference cases, which are not "cases and controversies" in the constitutional sense, and because the cases heard by the Claims Court are in many ways essentially similar to the limited jurisdiction cases considered by the tax court, judges of the Claims Court are made article I judges rather than article III judges.

Subsection (b) of section 171 of title 28 requires the Claims Court, at least biennially, to designate a judge to act as chief judge. This provision parallels procedure in the United States Tax Court. See 26 U.S.C. 7444(b).

Section 172 of title 28 fixes the tenure of the judges of the United States Claims Court at a term of fifteen years. The section also sets the salary at an annual rate determined under the Federal Salary Act of 1967. This bill neither raises nor lowers existing salaries.

Section 173 of title 28 authorizes the Claims Court to hold court anywhere within the jurisdiction of the United States, but it requires the court to establish the times and places of its sessions with a view toward minimizing inconveniences and expense to citizens. This latter provision is similar to the statutory requirement that the United States Tax Court set the times and places of its sessions in such a way as to expedite citizen access. See 26 U.S.C. 7446.

Section 174 of title 28 permits the judicial power of the Claims Court to be exercised by a single judge and requires the decisions of the Claims Court to be preserved and open for inspection. These provisions are identical to requirements governing the Court of International Trade. See 28 U.S.C. 254, 257.

Section 175 of title 28 sets the duty station of a judge of the United States Claims Court as the District of Columbia and provides that while in active service judges shall live within fifty miles of the District of Columbia.

Section 176 provides for removal from office of a judge of the Claims Court by a majority of the judges of the Court of Appeals for the Federal judicial circuit.

Section 177 provides that a judge removed from office in this manner may not later practice law before the Claims Court. This provision parallels a similar section in the statute governing the tax court. See 26 U.S.C. 7443(g).

Section 106.—Under existing law, chapter 9 of title 28, United States Code, concerns the Court of Customs and Patent Appeals (CCPA). The provisions of chapter 9 of title 28 will be no longer necessary since similar provisions found in chapter 3 of title 28 are applicable to the new court. Section 106 of the Act therefore repeals chapter 9 of title 28.

Section 107.—Under existing law, section 256(b) of title 28, United States Code, permits the chief judge of the Court of International Trade to authorize a judge of the court to preside in an evidentiary hearing in a foreign country. The subsection also permits an interlocutory appeal to be taken from such an order, subject to the discretion of the Court of Customs and Patent Appeals. Section 107 of the Act provides that the United States Court of Appeals for the Federal Circuit may, in its discretion, consider an interlocutory appeal from such an order.

Section 108.—Under existing law, section 291(b) of title 28, United States Code, authorizes the Chief Justice of the United States to designate and assign temporarily any circuit judge to serve as a judge of the Court of Claims or the Court of Customs and Patent Appeals, if the need arises. Because the Act transfers the judges and functions of these courts to the U.S. Court of Appeals for the Federal Circuit and the United States Claims Court, section 108 deletes existing subsection (b). Because the Court of Appeals for the Federal Circuit will be in all respects a United States court of appeals, the Chief Justice will be authorized under section 291(a) to designate a judge of that court to sit temporarily as a circuit judge in another circuit, or to assign temporarily a judge of another circuit to the Court of Appeals for the Federal Circuit.

Section 109.—Section 292(e) of title 28, United States Code, currently authorizes the Chief Justice of the United States to designate and assign temporarily any district judge to serve as a judge of the Court of Claims, the Court of Customs and Patent Appeals, or the Customs Court. Section 109 of the bill conforms this section to the other changes made by the bill.

Section 110.—Section 293 of title 28, United States Code, currently provides for temporary assignment of a judge from the Court of Claims to the Court of Customs and Patent Appeals or vice versa, and from the Court of Customs and Patent Appeals to the Court of International Trade or vice versa. Section 110 amends section 293 of title 28 by deleting subsections (a), (c), and (d) which deal with the interchange of judges between the Court of Claims and the Court of Customs and Patent Appeals and between the Customs Court and the Court of Customs and Patent Appeals. The Act retains the provisions of subsections (b) and (e).

Section 111.—Section 111 amends section 331 of title 28, United States Code, which deals with the Judicial Conference of the United States, by deleting references to the Court of Claims and the Court of Customs and Patent Appeals. The Court of Appeals for the Federal

Circuit is structurally similar to the regional courts of appeals, and, as such, becomes part of the Judicial Conference.

Section 112.—Section 372 of title 28, United States Code, concerns retirement of judges for disability and appointment of a substitute judge upon failure of a disabled judge to retire. Section 112 amends this section of the Code by deleting all references to the Court of Claims and the Court of Customs and Patent Appeals. The new appellate court is covered by the retained language, which contains a legislative proposal passed by the 96th Congress to provide for the discipline of Federal judges. Pursuant to the terms of that legislation, the Court of Appeals for the Federal Circuit and the Claims Court both will have to prescribe procedures of the handling of complaints against member judges.

Section 113.—Section 113 repeals section 415 of title 28, United States Code, which concerns distribution of copies of Court of Claims decisions, and amends the analysis at the beginning of chapter 19 of title 28, United States Code, to conform with the changes made by the previous sections.

Section 114.—Section 114 amends section 451 of title 28, United States Code, which defines certain terms used in title 28, by deleting all references to the Court of Claims and the Court of Customs and Patent Appeals. The retained language would cover the Court of Appeals for the Federal Circuit but not the article I Claims Court.

Section 115.—Section 115(a)(1) amends section 456 of title 28, United States Code, concerning travel expenses of justices and judges, to clarify the provisions relating to official duty stations and to update references to obsolete laws. The clarification establishes one official duty station for Article III judges and ensures that the official duty station will be that place where the Director provides chambers for the judges.

Section 115(b)(1) of the bill adds a new section 460 that makes sections 452 through 459 and section 462 of title 28, United States Code, applicable to the United States Claims Court and to certain territorial courts. These sections deal with general matters and provide that courts shall be deemed always open for certain procedural purposes; judges must take a prescribed oath before performing the duties of office; judges are prohibited from engaging in the practice of law; judges may be disqualified from participation in a proceeding in certain circumstances; records of the courts must be kept in a prescribed manner; relatives of a judge are ineligible for appointment to any office in the court in which the relative is a judge; and judges may administer oaths. Claims Court judges also will receive the same allowance as article III judges.

Section 115(c) amends chapter 21 of title 28, U.S.C., by adding a new section 462 concerning court accommodations and providing for necessary space for the Claims Court and the Court of Appeals for the Federal Circuit.

Section 116.—Section 116 amends chapter 21 of title 28, United States Code, by adding a new section 463 to that chapter. The newly created section 463 would expressly authorize the Director of the Administrative Office to "pay the costs" when a judge or Justice is sued in his official capacity and "the services of an attorney for the govern-

ment are not reasonably available pursuant to chapter 31 (of title 28)." Under chapter 31 generally, and 28 U.S.C. § 516 in particular, the Attorney General is responsible for providing the services of an attorney to a judge sued in his official capacity. Usually services are provided by U.S. Attorneys and their assistants, individuals who routinely represent the government in litigation before judges they are also required to represent. While many instances may arise in which no "conflict of interest" or "appearance of impropriety" exists, or is perceived to exist by the public, only a few such cases will be enough to permanently damage the legal system's reputation. Under section 463 of title 28, as created by section 103 of the bill, the Director of the Administrative Office is required to prescribe regulations governing the payments he is therein authorized to make. Those regulations must be approved by the Judicial Conference of the United States.

Section 117.—Under existing law, suits in the Supreme Court and the Court of Claims are conducted and argued by the Attorney General and the Solicitor General, unless in a particular case the Attorney General directs otherwise. See 28 U.S.C. 518(a). Section 117 of the bill amends section 518(a) of title 28, United States Code, by deleting the reference to the Court of Claims and providing for argument by the Attorney General and Solicitor General in suits against the United States in the United States Court of Appeals for the Federal Circuit or in the United States Claims Court, unless the Attorney General directs otherwise.

Section 118.—Under current law, section 520 of title 28, United States Code, concerns transmission of copies of petitions in suits against the United States in the Court of Claims to the affected government department or agency by the Attorney General. Section 118(a) of the Act amends this section by deleting references to the Court of Claims and substituting a reference to suits against the United States in the United States Claims Court or in the United States Court of Appeals for the Federal Circuit. Section 118(b) amends the section heading of section 520 of title 28 to reflect this change.

Section 119.—Section 119(a) amends section 605 of title 28, United States Code, to require approval of the budget estimate with respect to the United States Court of Appeals for the Federal Circuit by that court. This follows the pattern established for other courts of nationwide jurisdiction.

Section 119(b) is a technical, clarifying amendment adopted by the Committee to authorize that funds appropriated to the existing Court of Customs and Patent Appeals and the Court of Claims for fiscal year 1982 be made available for the new Court of Appeals for the Federal Circuit and the new U.S. Claims Court. These funds are to be apportioned among the new courts as determined by the Director of the Administrative Office of the U.S. Courts in consultation with the Chief Judges of the respective courts in a manner not inconsistent with Congressional intent. The provision is intended to apply to the transition period to insure efficient and orderly implementation of this legislation.

Section 120.—Section 120(a) amends section 610 of title 28, United States Code.

Section 120(b) amends 28 U.S.C. 713 to the appointive authority for librarians and their assistants for each court of appeals, including methods of removal.

Section 120(c) amends chapter 47 of title 28 by clarifying the language used to employ criers and messengers. It also provides for the first time for the appointment of staff attorneys and technical assistants in a new section 715. In recent years, many of the regional courts of appeals have found it necessary to utilize central staff attorneys, but they have done so without specific statutory authorization. Similarly, despite a lack of explicit statutory authorizations, the judges of the present Court of Customs and Patent Appeals have found it necessary to hire technical advisers to assist them in resolving cases. These advisers are lawyers who have technical degrees and experience in a scientific or engineering field or in patent law in addition to their legal training. The service of these advisers is identical to that of a law clerk, except that they confer with the judges on technical as well as legal matters. Judges of the United States Court of Appeals for the Federal Circuit need a similar system of technical advisers when they review patent cases, and judges of other United States courts of appeals could frequently benefits from the use of technical advisers. It is anticipated that the judges of the Court of Appeals for the Federal Circuit will receive technical assistance at least as great as the type and quality currently being given to the Court of Customs and Patent Appeals.

For several years, annual appropriation acts have invested the chief judge of each court of appeals with the authority to appoint a senior law clerk. *See, e.g.*, Judiciary Appropriation Act, 1979, Public Law No. 95-431, title IV, 92 Stat. 1037. However, Congress has not invested the Courts of Appeals with authority to appoint additional staff attorneys. Unlike the executive branch, there is no general statute granting courts appointive authority. *Cf.* 5 U.S.C. 3101. The Committee notes that the courts continue to make appointments in the absence of a Congressional grant of authority. See 5 U.S.C. 5502(a). While the Committee proposes to invest the officers of the court with the authority to appoint staff attorneys and technical assistants subject to certain restrictions, it is not its intent to ratify the actions of the courts in purporting to appoint employees in the absence of the requisite statutory authority not found in an appropriation act.

Section 121.—Under existing law, chapter 51 of title 28, United States Code, concerns Court of Claims staff and reporting procedures. Section 121 of the Bill amends chapter 51 to establish staff and reporting procedures for the United States Claims Court. Chapter 51 of title 28 provides as follows:

Section 791 of title 28 would authorize the Claims Court to appoint a clerk, deputy clerk, and such other employees as may be necessary for the effective conduct of the business of the court. Each of these employees would be subject to removal by the court.

Section 792 of existing 28 U.S.C. relates to the appointment of commissioners by the Court of Claims. As a corollary to the abolishment of the Court of Claims, section 792 is repealed.

Section 794 of title 28 would authorize the judges of the Claims Court to appoint necessary law clerks, subject to any aggregate salary ceilings imposed by law and the regulations of the Judicial Conference of the United States. This provision is similar to section 752 of title 28 which concerns law clerks and secretaries for district court judges.

Section 795 of title 28 concerns the appointment and duties of bailiffs and messengers for the Claims Court and is similar to existing law concerning the Court of Claims.

Section 796 of title 28 concerns the reporting of Claims Court proceedings and is identical to existing law concerning the reporting of Court of Claims proceedings.

Section 797 of existing 28 U.S.C. relates to the recall of retired commissioners of the Court of Claims. Because the Court of Claims is abolished, section 797 is repealed.

Section 122.—Section 122(a) of the Bill repeals chapter 53 of title 28 which, under existing law, concerns appointment and duties of employees of the Court of Customs and Patent Appeals.

Section 957 of title 28, United States Code, provides that certain employees of the district court are not eligible for certain offices in the court's administrative structure. Section 122(b) amends this section by deleting subsection (b), which concerns the clerk or assistant clerks of the Court of Customs and Patent Appeals, and by striking subsection designation "(a)".

Section 123.—Section 123 repeals sections 1255 and 1256 of title 28, United States Code, which under existing law provide for Supreme Court review of cases in the Court of Claims and the Court of Customs and Patent Appeals. Review of cases in the new appellate court is covered by 28 U.S.C. 1254, which establishes procedures for Supreme Court review of cases in the circuit courts of appeals.

Section 123 also amends the analysis at the beginning of chapter 81 of title 28, United States Code, to conform with the repeal of sections 1255 and 1256, and conforms 28 U.S.C. section 1336 relating to Interstate Commerce Commission orders.

Section 124.—Section 1291 of title 28, United States Code, is amended to make explicit that the jurisdiction of the Court of Appeals for the Federal Circuit is limited to the jurisdiction set forth in sections 1292(c) and 1295(d).

Section 125.—Section 1292 of title 28, United States Code, currently gives regional courts of appeals jurisdiction of interlocutory orders of the district courts concerning injunctions and of judgments in civil actions for patent infringement which are final except for an accounting. Section 125 of the Bill amends this section to give the Court of Appeals of the Federal Circuit jurisdiction of interlocutory appeals in cases that will otherwise come to it on appeal.

Section 126.—Section 1294 of title 28, United States Code, sets forth the regional courts of appeals to which appeals from reviewable decisions of the district and territorial courts are to be taken. Section 126(b) of the Act amends this section by providing an exception from these provisions for the cases covered by new section 1295; those appeals will be assigned exclusively to the Court of Appeals for the Federal Circuit.

Section 127.—Section 127(a) of the Act adds a new section 1295 to chapter 83 of title 28, United States Code.

Before discussing the court's jurisdiction, it needs repetition here that the Federal courts are courts of limited jurisdiction. There is no presumption in favor of jurisdiction, and the basis for jurisdiction always must be affirmatively shown. It is not sufficient that jurisdiction

merely be inferred argumentatively. *See, e.g., Hanford* v. *Davies*, 163 U.S. 273[1] (1896). *Thomas* v. *Board of Trustees of Ohio State Univ.*, 195 U.S. 207[2] (1904). This caselaw is incorporated in the Federal Rules of Civil Procedure. Rule 8(a)(1) requires that a pleading setting forth a claim for relief contain a short and plain statement of the grounds upon which the court's jurisdiction depends, unless the court already has jurisdiction and the claim needs no new grounds of jurisdiction to support it.

The defendant in a civil proceeding may, at any time, assert a court's lack of jurisdiction over the subject matter. Furthermore, even though the defendant has not so moved, Rule 12(h)(3), Federal Rules of Civil Procedure, expressly provides that a court "shall dismiss the action" "whenever it appears by suggestion of the parties or otherwise that the court lacks jurisdiction of the subject matter." What this all amounts to is that a court's jurisdiction is not something that is easily manipulated.

An analysis of pertinent caselaw reveals that both the Court of Claims and the Court of Customs and Patent Appeals have strictly construed their own jurisdiction. They have not allowed inferential and unwarranted increases to their own respective jurisdictions. *See, e.g., Eastport S.S. Corporation* v. *United States*, 178 Ct. Cl. 559, 372 F.2d 1002 (1967); *Somali Development Bank* v. *United States*, 705 Ct. Cl. 741, 508 F.2d 817 (1974); *United States* v. *Boe*, 543 F.2d 151 (C.C.P.A. 1976); and *Godtfredsen* v. *Banner*, 598 F.2d 589 (C.C.P.A. 1979). In the rare instance that one of these courts has mistakenly construed its own jurisdictional grant, the Supreme Court has not hesitated to reverse and remand. *See, e.g., United States* v. *Testan*, 424 U.S. 392[3] (1976); *United States* v. *King*, 395 U.S. 1[4] (1969).

Concern has been expressed that the Court of Appeals for the Federal Circuit will appropriate for itself elements of Federal law under its section 1295(1) grant of jurisdiction. It has been argued that a jurisdictional grant to the new court to consider appeals from a district court when jurisdiction was based, "in whole or in part," on section 1338 of title 28 (which confers on the district courts original jurisdiction of any civil action arising under an act of Congress relating to patents, plant variety protection, copyright and trademarks) is too broad and that specious patent claims will be tied, for example, to substantial antitrust claims in order to create jurisdiction in the Court of Appeals for the Federal Circuit. However, the statutory language in question requires that the district court have jurisdiction under 28 U.S.C. § 1338. This is a substantial requirement. Immaterial, inferential, and frivolous allegations of patent questions will not create jurisdiction in the lower court, and therefore there will be no jurisdiction over these questions in the appellate court. As stated above, it is a canon of construction that courts strictly construe their jurisdiction. Therefore, the committee is confident that the present language will not pose undue difficulties.

The Committee is concerned that the exclusive jurisdiction over patent claims of the new Federal Circuit not be manipulated. This measure is intended to alleviate the serious problems of forums shopping among the regional courts of appeals on patent claims by investing exclusive jurisdiction in one court of appeals. It is not intended to

1. 16 S.Ct. 1051, 41 L.Ed. 157
2. 25 S.Ct. 24, 49 L.Ed. 160.
3. 96 S.Ct. 948, 47 L.Ed.2d 114.
4. 89 S.Ct. 1501, 22 L.Ed.2d 62.

create forum shopping opportunities between the Federal Circuit and the regional courts of appeals on other claims.

Thus, for example, mere joinder of a patent claim in a case whose gravamen is antitrust should not be permitted to avail a plaintiff of the jurisdiction of the Federal Circuit in avoidance of the traditional jurisdiction and governing legal interpretations of a regional court of appeals. Federal District judges are encouraged to use their authority under the Federal Rules of Civil Procedure, *see* Rules 13(i), 16, 20(b), 42(b), 54(b), to ensure the integrity of the jurisdiction of the federal court of appeals by separating final decisions on claims involving substantial antitrust issues from trivial patent claims, counterclaims, cross-claims, or third party claims raised to manipulate appellate jurisdiction.

The Committee intends for the jurisdictional language to be construed in accordance with the objectives of the Act and these concerns. If, for example, a patent claim is manipulatively joined to an antitrust action but severed or dismissed before final decision of the antitrust claim, jurisdiction over the appeal of the antitrust claim should not be changed by this Act but should rest with the regional court of appeals.

Further, the jurisdictional section of the CAFC should be read with section 301 of the proposed legislation. This latter section allows any Federal court which lacks jurisdiction over a matter to transfer the complaint or appeal to a proper court, in the same manner as if the complaint or appeal had been filed in that court in the fiirst instance. This provision, therefore, will allow the CAFC to transfer cases to the proper circuit court, or vice versa.

Section 1295 establishes the jurisdiction of the United States Court of Appeals for the Federal Circuit as follows:

Subsection (a)(1) of new section 1295 of title 28 gives the Court of Appeals for the Federal Circuit jurisdiction of any appeal in which district court jurisdiction was based, in whole or in part, on section 1338 of title 28 (which confers on the district court original jurisdiction on any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks), except that appeals of district court decisions in cases involving copyrights or trademarks and none of the other issues will continue to go to the regional appellate courts, pursuant to section 1294 of title 28.

Subsection (a)(2) of section 1295 of title 28 gives the Court of Appeals for the Federal Circuit jurisdiction of any appeal from a district court where the jurisdiction of the district court was based, in whole or in part, on section 1346 of title 28, United States Code, except that an appeal in a case brought in a district court under Sections 1346(a), 1346(b), or 1346(e), or 1346(c) when the claim is founded on an act of Congress or a regulation for internal revenue, and an appeal in a case brought under section 1346(c) (Tort Claims Act) will continue to go to the regional courts of appeals. The Bill modifies section 1346 to bring all other civil cases in which the United States is a defendant under centralized appellate review. Because cases brought under the Federal Tort Claims Act frequently involve the application of State law, those appeals will continue to be brought to the regional courts of appeals.

Subsection (a)(3) of section 1295 of title 28 gives the United States Court of Appeals for the Federal Circuit jurisdiction of any appeal from the United States Claims Court. As provided in the Bill, the new Claims Court would succeed to the trial jurisdiction the Court of Claims now has.

Subsection (a)(4) of section 1295 of title 28 gives the United States Court of Appeals for the Federal Circuit jurisdiction of appeals from decisions of the Board of Appeals and the Board of Patent Interferences of the Patent and Trademark Office as to patent applications and interferences; from decisions of the Commissioner of Patents and Trademarks as to trademark applications and proceedings; and of appeals in patent and trademark cases brought in a Federal district court under 35 U.S.C. 145 or 146. Under existing law, jurisdiction of appeals from these decisions is in the Court of Customs and Patent Appeals. See 28 U.S.C. 1542. The purpose of placing jurisdiction of these appeals in the United States Court of Appeals for the Federal Circuit is to centralize patent appeals in a single forum and, as a result, to promote uniformity in the application of the law. The provisions of existing law entitling litigants in trademark and patent matters to de novo review in the district court remain unchanged.

Subsection (a)(5) of section 1295 would transfer jurisdiction of appeals from decisions of the United States Customs Court to the new court. Currently, jurisdiction of such appeals is in the Court of Customs and Patent Appeals, pursuant to section 1541 of title 28, United States Code.

Subsection (a)(6) of section 1295 of title 28, gives the United States Court of Appeals for the Federal Circuit jurisdiction to review, by findings of the United States International Trade Commission as to unfair trade practices in import trade Jurisdiction of these appeals is in the Court of Customs and Patent Appeals under existing law. See 28 U.S.C. 1543.

Subsection (a)(7) of section 1295 of title 28 gives the United States Court of Appeals for the Federal Circuit jurisdiction to review, by appeal on questions of law only, certain findings of the Secretary of Commerce. Currently, jurisdiction of these appeals is in the Court of Customs and Patent Appeals, pursuant to section 1544 of title 28, United States Code.

Subsection (a)(8) of section 1295 of title 28 gives the Court of Appeals for the Federal Circuit jurisdiction of appeals under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461). Under existing law, the Court of Customs and Patent Appeals has jurisdiction of these appeals, pursuant to section 1545 of title 28, United States Code.

Subsection (a)(9) of section 1295 of title 28 gives the Court of Appeals for the Federal Circuit jurisdiction of any appeal from a final order or final decision of the Merit Systems Protection Board. Currently, jurisdiction of these appeals is in the Court of Claims or a United States court of appeals, pursuant to sections 7703(b)(1) and 7703(d) of title 5, United States Code.

Subsection (a)(10) of section 1295 of title 28 gives the Court of Appeals for the Federal Circuit jurisdiction of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978. No change is intended

in the exclusive jurisdiction of the federal district courts to hear appeals in government maritime contract disputes, as provided in section 4 of the Act.

Subsection (b) of section 1295 of title 28 allows any agency head, with the approval of the Attorney General, to refer to the Court of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to any contract awarded by that agency which the agency head has concluded is not subject to the review standards specified in section 10(b) of the Contract Disputes Act of 1978. Subsection (c) of section 1295 of title 28 requires the Court of Appeals for the Federal Circuit to review such matters.

Section 127(a) of the bill also creates section 1296 of title 28, allowing civil actions in the Court of Appeals for the Federal Circuit to be given precedence based on court rule.

Section 127(b) of the bill makes conforming amendments to the section analysis of chapter 83 of title 28, United States Code.

Sections 128–132.—Section 128 of the bill amends section 1336(b) of title 28, United States Code, to change the reference to the Court of Claims to a reference to the United States Claims Court. Section 129 amends section 1346(a) of title 28, United States Code, making the same change. Section 130 amends section 1396(b) of title 28, United States Code, making the same change. Section 132 amends section 1406(c) of title 28, United States Code, making the same change. Section 131 of the bill clarifies section 1402(a) of title 28, United States Code, to include only civil actions in federal district court.

Section 133.—Section 133 of the Act amends chapter 91 of title 28, United States Code. Under existing law, this chapter sets forth the jurisdiction of the Court of Claims. With the exception of Federal Tort Claims Act cases noted below, claims court jurisdiction is the same as Court of Claims trial jurisdiction.

One provision of existing law has not been included in amended chapter 91. Under current section 1504 of title 28, United States Code, the Court of Claims has jurisdiction to review Federal Tort Claims Act cases with the consent of both parties. According to the Administrative Office of the United States Courts, the only such appeal ever filed was summarily dismissed because the appellee had not consented to have the appeal heard in the Court of Claims. Section 1504 was therefore omitted.

In addition, section 133 gives the new Claims Court the power to grant declaratory judgments and give equitable relief in controversies within its jurisdiction. This provision will for the first time give the court specializing in certain claims against the Federal Government the ability to grant litigants complete relief. The committee concluded that this provision will avoid the costly duplication in litigation presently required when a citizen seeks both damages and equitable relief against the Government.

Moreover, section 133 gives the new Claims Court the power to grant declaratory judgments and give equitable relief in contract actions prior to award. Since the funds which the Government utilizes to purchase goods and services are derived solely from public sources, the public possesses a strong interest in the ability of the Government

to fulfill its requirements in these areas at the lowest possible cost. Accordingly, in the vast majority of circumstances, the Government must be permitted to exercise its right to conduct business with those suppliers it selects and to do so in an expeditious manner.

The courts ordinarily refrain from interference with the procurement process by declining to enjoin the Government from awarding a contract to a contractor which the Government has selected.

By conferring jurisdiction upon the Claims Court to award injunctive relief in the pre-award stage of the procurement process, the Committee does not intend to alter the current state of the substantive law in this area. Specifically, the Scanwell doctrine as enunciated by the D.C. Circuit Court of Appeals in 1970 is left in tact. *See Scanwell Laboratories, Inc.* v. *Shaffer*, 424 F.2d 859 (D.C. Cir. 1970). Moreover, the Committee expects that the court will utilize the authority conferred upon it by this section only in circumstances where the contract, if awarded, would be the result of arbitrary or capricious action by the contracting officials, to deny qualified firms the opportunity to compete fairly for the procurement award. The Committee intends the court to take care not to delay or prevent the award of contracts for goods or services which relate to the national defense or security.

Since the court is granted jurisdiction in this area, boards of contract appeals would not possess comparable authority pursuant to the last sentence of section 8(d) of the Contract Disputes Act.

Section 134.—Under existing law, chapter 93 of title 28, United States Code, establishes the jurisdiction of the Court of Customs and Patent Appeals. Because these functions are being transferred to the United States Court of Appeals for the Federal Circuit, section 134 of the Act repeals chapter 93 of title 28 and amends the analysis at the beginning of Part IV of title 28 so that it is conformed accordingly.

Section 135.—Section 135 of the Bill repeals section 1926 of title 28, United States Code, which deals with fees and costs in the Court of Customs and Patent Appeals, and amends the analysis at the beginning of chapter 123 of title 28 so that it is conformed accordingly.

Section 136.—Section 136 of the Bill repeals section 2110 of title 28, United States Code, which deals with the time for appeal to the Court of Claims in tort claims cases, because of the omission from amended chapter 91 of current section 1504 of title 28. The analysis at the beginning of chapter 133 of title 28 is amended to reflect this repeal.

Section 137.—Section 137 of this bill makes conforming amendments to section 2342 of title 28, United States Code.

Section 138.—Section 138 repeals 28 U.S.C. 2353 since jurisdiction over such appeals is vested exclusively in the Court of Appeals for the Federal Circuit.

Section 139.—Under existing law, chapter 165 of title 28 establishes procedures for the Court of Claims. Section 139 amends this chapter to make the provisions applicable to the United States Claims Court. Technical changes are made to convert the name of the court from the Court of Claims to the Claims Court and to eliminate references to the trial commissioners of the Court of Claims. In addition, filing fees have been raised from $10 to $60.

Section 140.—Section 140 of the bill repeals chapter 167 of title 28, United States Code, which under existing law establishes procedures

for the Court of Customs and Patent Appeals. The repeal of this chapter will require certain changes in the procedure of taking an appeal from decisions of the Court of International Trade. Under current practice, pursuant to section 2601 of chapter 167 of title 28, an appeal is made by filing a notice of appeal in the Court of Customs and Patent Appeals. On the other hand, appeals from a decision of the district courts is made by filing a notice of appeal in the district court. Upon the repeal of chapter 167 of title 28, appeal from a decision of the Court of International Trade will be made by filing a notice of appeal in the Court of International Trade. The clerk of the Court of International Trade will then be required to transmit to the United States Court of Appeals for the Federal Circuit the record of the case and evidence taken, together with either the findings of fact and the conclusions of law or the opinion.

Section 141.—Section 141 makes conforming amendments to section 2645(c) of title 28, United States Code.

Section 142.—Section 142 conforms the Federal Rules of Evidence to refer to the Claims Court.

Conforming amendments outside title 28

Section 143.—Section 143 amends section 356(c) of title 2, United States Code, which concerns salaries for judges under the Federal Salary Act of 1967, by including the judges of the United States Claims Courts within the provisions of that subsection.

Sections 144 through 157 and 159 through 164—Technical Amendments.—Sections 144 through 157 and 159 through 164 of the Act amend sections of the United States Code outside title 28 by changing references to the Court of Claims, the Court of Customs and Patent Appeals, or the courts of appeals of the United States to references to the United States Claims Court or the United States Court of Appeals for the Federal Circuit, whichever is appropriate in a specific context. The sections also delete references to the Court of Claims, the Court of Customs and Patent Appeals, or the trial commissioners or chief judge of the Court of Claims, wherever that is appropriate. Among other things, these amendments make clear that cases coming previously to the former Indian Claims Commission will be heard by the Claims Court, in accord with recent congressional action.

Section 7456(c) of the Internal Revenue Code of 1954 (26 U.S.C. section 7456(c)) under existing law provides that commissioners of the tax court receive the same compensation and travel and subsistence allowances as that provided by law for commissioners of the court of claims. Because the Bill abolishes the position of commissioner of the Court of Claims, section 154(a) amends this section to provide that each Tax Court commissioner receives pay at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. sections 351–361), as adjusted, and be reimbursed for all necessary traveling expenses in accordance with chapter 57 of title 5, United States Code. Section 154(b) requires the salary of a commissioner of the Court of Claims to be equal to the salary of the Tax Court commissioner until a change in such salary rate occurs.

Section 158—Amendment conforming section 713 of title 44.—Section 713 of title 44, United States Code, concerns the printing and dis-

tribution of Journals of the Senate and House of Representatives. Under present law, 822 copies of the Journals are printed, and two copies of the Journals are distributed to the Court of Claims. Section 158 of the Bill reduces the number of Journals printed to 820 and deletes the reference to the court of claims.

Miscellaneous provisions

Section 165.—Section 165 provides for the continued service of current active and senior judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals as judges of the United States Court of Appeals for the Federal Circuit on the effective date of this Act.

Section 166.—Section 166 provides for the designation of the first and succeeding chief judges of the Court of Appeals for the Federal Circuit.

Section 167.—Section 167 provides that the present commissioners of the U.S. Court of Claims become judges of the new U.S. Claims Court. A technical amendment was offered in Committee by the Chairman of the Subcommittee on Courts which provides that the 15-year term of the judges of the new U.S. Claims Court be calculated from the date of their initial employment with the existing U.S. Court of Claims. This means, for example, that a commissioner of the current Court of Claims whose employment began in 1975, will be considered to have been appointed as a judge in the new Claims Court as of that year. Thus, the judge would have approximately eight years to serve to complete the initial 15-year term on the new court.

Section 168.—Section 168 makes clear that nothing in this Act affects the authority of the Tennessee Valley Authority to represent itself by attorneys of its choosing.

TITLE II—GOVERNANCE AND ADMINISTRATION OF THE FEDERAL COURTS

Chief judge tenure

Sections 201–203.—Under current law, the person who serves as chief judge of a Federal court of appeals or a district court is the judge who is most senior in commission. The chief judge may hold office until age 70. As a result, a judge who becomes chief judge of a Federal court at age 50 may serve as chief judge for twenty years, while a judge who becomes chief judge at age 69 will serve for only one year.

A statute that bases the chief judgeship position solely on seniority, without a minimum or maximum term, produces two potential difficulties: it may require the retention for decades of a chief judge who may or may not have the interest or ability to be an enthusiastic administrator; at the same time, it requires rapid rotation among chief judges when the consecutive incumbents take office at an advanced age, thereby creating instability in the chief administrative office of the court. In recent history, this provision has resulted in the anomalous situation that one Federal court had a chief judge who served for seventeen years, while another Federal court had three chief judges within two years.

Sections 201–203 resolve this problem by amending 28 U.S.C. 45 and 136 to set a maximum term of office for chief judges of seven years and

to permit no one to become a chief judge of a district or circuit court after reaching age 65. However, once becoming a chief judge prior to age 65, a chief judge could serve for seven years, or until reaching the age of 70. These provisions insure a constant seven year term for the chief judge unless death, resignation or retirement shortens the term. These amendments also provide for the continuation of a judge's service as chief judge after the expiration of his seven year term until another judge is qualified to serve in that capacity.

The sections also provide for the situation in which no judge meets the statutory requirements for the chief judgeship. In such a case, the most senior active judge would preside until some other judge became eligible.

As a transitional measure, the section also contains a provision that continues the present system for one year after the effective date of the bill. Moreover, the bill would not apply to anyone who was a chief judge on the date it becomes effective.

Precedence and composition of panel

Section 204.—Under current law the presiding judge of a three-judge panel of a court of appeals is the judge who is senior in commission, unless the chief judge or a circuit justice is a member of the panel. This policy permits senior judges and judges from other circuits to be the presiding judge of a panel and to assign opinions. In order to insure greater stability in the law of the circuit, section 204 amends 28 U.S.C. 45(b) to require that the presiding judge be a judge of that circuit in regular active service.

Section 205.—Section 205 amends section 46 of title 28, United States Code, to achieve three basic objectives: (1) the elimination of confusion which has arisen in recent years in relation to the use of the terms "panel" and "division," especially following authorization of "administrative divisions" in section 6 of P.L. No. 95-486 in 1978; (2) clarification of the appropriate role for senior circuit judges in rehearings en banc, a matter which was apparently inadvertently thrown into confusion by provisions in section 5 of P.L. No. 95-486; and (3) an express statutory requirement that, in all but the most unusual circumstances, each three-judge panel of a court of appeals contain two judges who are members of that court.

Subsection (a) of section 205 amends subsection (b) of section 46 of title 28 to substitute the word "panels" for the word "divisions" and to require that two of the three judges serving on each panel "shall be judges of that court" unless the chief judge certifies that "an emergency" requires an exception to that requirement. Under existing provisions in section 46 of title 28 a three-judge appellate court panel may be composed of any combination of active, senior, designated, or district court federal judges. With a substantial number of judges sitting by designation from outside the circuit, and with district judges sitting regularly on the courts of appeals, there is frequently only one circuit judge of the court in active service on a panel. Such a situation may contribute to instability in circuit law, because district court and court of appeals judges from outside the circuit may not know, or may not feel bound by, the law of that circuit. As amended section 46 would provide greater stability and predictability in the law being applied in any given area of the country. However, the bill expresly

provides for an exception from the majority requirement when it is impossible to constitute a panel of a court of appeals composed of a majority of judges of that court. For example, if all the judges of a court of appeals were disqualified under 28 U.S.C. § 455 (1976), it is essential that the Chief Justice retain the authority to designate and assign judges from other circuits to hear the case in accordance with provisions in chapter 13 of title 28.

Existing provisions in section 46 also permit appellate courts to sit in panels of less than three judges. As a result, some federal appellate courts have used panels of two judges for motions and for dispositions in cases in which no oral argument is permitted because the case is classified as insubstantial. Because of apprehensions that decisions at the appellate level by fewer than three judges carry the risk of being less sound or less balanced, there is a widespread belief that every decision of an appeal should be the collective product of at least three minds. Subsection (b) of section 204 also amends 28 U.S.C. § 46(b) to require that all decisions be reached by at least three judges.

Subsection (b) of section 205 amends subsection (c) of section 46 of title 28 to clarify confusion arising from amendments made to subsection (c) by Section 5 of P.L. No. 95-486.[16] Under Section 6 of P.L. No. 95-486 courts of appeals having more than fifteen active judges were authorized to experiment with "administrative units" or "administrative divisions" and to perform en banc functions as they might choose "to prescribe by rule." A direct consequence of concerns that too large a court of appeals would prove administratively cumbersome, that authorization was accompanied by an amendment to subsection (c) of section 46 striking the following sentence: "A circuit judge of the circuit who has retired from regular active service shall also be competent to sit as a judge of the court en banc in the rehearing of a case or controversy if he sat . . . (on the panel . . . at the original hearing thereof".[17] The Conference Report accompanying the final bill [18] does not explain why that sentence was stricken, but the Senate report accompanying the original Senate bill leaves no doubt that the purpose to be served was only that of reducing the size of en banc panels. Since becoming effective that change has had one direct consequence apparently unanticipated in 1978; circuit court judges eligible to elect retirement in "senior status" have refused to make the election rather than abdicate their opportunity to sit in en banc review of panel decisions in which they have participated. Their assertion that the en banc panel should not be denied their participation in reviewing a case with which they are fully familiar has merit. In light of standing authorization for large courts of appeals to fashion "limited en bancs" by rule, the value of a statutory prohibition of en banc participation by senior judges who have been members of an original hearing panel would appear questionable, if not thoroughly nonexistent. Their potential contribution far outweighs the slight possibility that their presence will prove to be an administrative burden. As amended by subsection (b) of section 205, section 46 will again permit a senior judge sitting on an original hearing panel to participate in en banc review of that panel's decision.

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[16] 92 Stat. 1633.
[17] See section 5 of P.L. No. 95-486.
[18] H. Rep. No. 95-1643 and S. Rep. No. 95-1327.

Subsection (c) of section 205 amends subsection (d) of section 46 to conform language in that subsection to changes made in other provisions in section 46.

Section 205 will achieve the same purposes which would be achieved by section 207, and will also reinstate a senior judge's eligibility to sit at his election in enbanc review of decisions in which he participated as a member of the original three-judge panel.

Judicial councils of the circuits

Section 206.—Section 206 amends section 3006A(h)(2)(A) of title 18 of the United States Code by providing for the appointment of Federal Public Defenders by the Court of Appeals rather than the judicial council. This is a technical amendment necessitated by the addition of district court judges to the judicial council, thus foreclosing the use of the legal fiction that councils are just the administrative extension of the court of appeals. Clause 2 in section 2 of United States Constitution Article II provides that Congress can vest the power to appoint inferior officers only in the President alone, the heads of (Executive) Departments, and the Courts of Law. Since Federal Public Defenders possess significant authority and exercise that authority generally without review by other officers of the Federal Government, it is essential that each defender be an "inferior officer" as distinguished from an "employee." See 5 U.S.C. sections 2104, 2105 (1976).

Section 207.—The Federal Judiciary includes a large number of capable and talented people whose skills, from time to time, may be needed in the executive branch. During recent years, several Federal judges have left the bench to serve in significant positions in the executive branch. Article III judges who resign or retire before the time limitations described in current 28 U.S.C. 371 give up a lifetime salary mandated by the Constitution, even though they had not been able to accrue funded pension benefits for these years of Federal service under the civil service program. As a result, for these former Federal judges, the acceptance of an executive branch position leaves them with potentially serious financial consequences.

Section 207 amends 5 U.S.C. 8332 to restate existing law that permits years of service on the Federal bench to be counted in computing civil service retirement benefits and amends 5 U.S.C. 8334 to allow the Administrative Office of the United States Courts to pay a deposit into the civil service retirement fund for Federal judges who resign to accept executive branch positions. These deposits will insure that these employees receive civil service pensions that take account of the years that such persons had served as Federal judges. The resulting pensions will still be considerably less than the salaries the judges would have received by remaining on the bench; nonetheless, this provision should help alleviate financial distress and would recognize the value of their years of judicial service. Although the annuity the Government will pay to the resigned judge after his executive branch service will constitute taxable income to him, the amendments this section makes ensure that the lump-sum deposit the Administrative Office makes to the Civil Service Retirement and Disability Fund will not constitute income in the year the deposit is paid. Such a consequence would distort the official's income and potentially subject him to unnecessary adverse income tax consequences.

Temporary assignment of justices and judges

Section 208.—Section 208 authorizes an active or retired justice or judge of the United States to be assigned temporarily to the position of Administrative Assistant to the Chief Justice, Director of the Administrative Office of the United States Courts, or Director of the Federal Judicial Center, such service to be without any additional compensation.

Upon the appointment of an active judge to one of these positions, the President, by and with the advice and consent of the Senate, shall appoint a successor to fill the vacancy created by the temporary assignment. After the appointment of a successor, any further vacancy created by the death, resignation, or retirement of the judge who is temporarily assigned shall not be filled. If the judge temporarily assigned resumes active service, the first vacancy created on such court after his return to active service shall not be filled if a successor had been appointed and confirmed to fill the vacancy created by the temporary assignment.

The official station of any judge assigned a temporary position is the District of Columbia for the duration of his temporary assignment. A judge who was in active service at the time of his temporary assignment may resume his active service upon vacating his temporary assignment. For purposes of seniority and precedence, a judge who resumes active service on the original court shall be considered to have been in continuous active service as a judge of that court.

Rules of practice

Section 209.—Section 209(a) adds a new section 2077 to title 28 providing that rules for the conduct of business of each court of appeals, including the operating procedures of such court, shall be published.

Subsection (b) also requires that advisory committees be appointed to make recommendations to each court of appeals concerning its rules and internal operating procedures. It also requires the publication of these rules. The composition of these advisory committees is left for each court of appeals to determine. The use of these committees to assist the courts in developing their rules provides a means for the court to take into account the concerns of the bar and the public. Such committees will also provide a useful means of increasing the understanding of the bar and the public concerning the functioning of the courts. Although persons who serve on the advisory committees will receive no compensation for their services, except an individual who is otherwise an employee of the Government of the United States, the Director of the Administrative Office, in accordance with his travel regulations, may pay such persons travel expenses. In accordance with 5 U.S.C. section 5703 (1976), these expenses will include transportation expenses and a per diem in lieu of subsistence, or actual subsistence expenses under 5 U.S.C. section 5702(c) whenever the person is away from his home or regular place of business. Such committees will not require charters inasmuch as the Federal Advisory Committee Act, Pub. L. No. 92-463, 86 Stat. 770 (1972), applies only to the executive branch.

TITLE III—JURISDICTION AND PROCEDURE

Transfer of cases

Section 301.—Because of the complexity of the Federal court system and of special jurisdictional provisions, a civil case may on occasion be mistakenly filed in a court—either trial or appellate—that does not have jurisdiction. By the time the error is discovered, the statute of limitations or a filing period may have expired. Moreover, additional expense is occasioned by having to file the case anew in the proper court.

Section 301 adds a new chapter to title 28 that would authorize the court in which a case is improperly filed to transfer it to a court where subject matter jurisdiction is proper. The case would be treated by the transferee court as though it had been initially filed there on the date on which it was filed in the transferor court. The plaintiff will not have to pay any additional filing fees. This provision is broadly drafted to allow transfer between any two Federal courts. Although most problems of misfiling have occurred in the district and circuit courts, others have occurred in the Court of International Trade and the Temporary Emergency Court of Appeals. Some others may occur in the Court of Appeals for the Federal Circuit. The broadly drafted provisions of section 301 will help avoid all of these situations.

Interest

Section 302.—Under current law, the interest rate granted on judgments during appeal is based on varying State laws and frequently falls below the contemporary cost of money. As a consequence, a losing defendant may have an economic incentive to appeal a judgment solely in order to retain his money and accumulate interest on it at the commercial rate during the pendency of the appeal.

Section 302 amends 28 U.S.C. 1961 by setting a realistic and nationally rate of interest on judgments in the Federal courts. The provision would tie the postjudgment interest rate to the rate used by the Internal Revenue Service for delinquent taxes under 26 U.S.C. 6621. That rate is a composite of prime rates from throughout the country that is reviewed and revised periodically. Furthermore, by consolidating all the provisions for interest on judgments of Title 28 into this section, this rate becomes uniformly applicable to all litigation in the Federal courts.

There are presently no generally applicable guidelines concerning the award of prejudgment interest by Federal courts. Yet such interest may be essential in order to compensate the plaintiff or to avoid unjust enrichment of the defendant. For instance, a plaintiff who was unlawfully deprived of the use of $20,000 in 1976, and who did not receive a judgment until 1979, could have obtained $4,500 in the three-year intervening period by investing the money at 7 percent compounded interest.

TITLE IV—MISCELLANEOUS PROVISIONS

Section 401—Court Reporting.—Under existing law, one of the official court reporters appointed pursuant to 28 U.S.C. 753(a) must attend each session of the court or any other proceeding designated

by rule or order of the court or judge and must record the proceedings described in existing 28 U.S.C. 753(b) verbatim using shorthand or using mechanical means which may be augmented by electronic sound recording.

Section 401 amends 28 U.S.C. 753(b) to permit the proceedings described by that section to be recorded using electronic sound recording, or any other method, subject to the approval and authorization of the Judicial Conference and of the presiding judge. Section 401 does not change the provision in existing 28 U.S.C. 753 which permits proceedings to be recorded by an official reporter using shorthand or other mechanical means. Section 401 also does not amend the types of proceedings which are required to be recorded pursuant to 28 U.S.C. 753(b).

In addition, section 401 amends 28 U.S.C. 753(b) to omit the requirement that an official court reporter attend each session of the court or other proceeding where the Judicial Conference and the presiding judge deem this to be unnecessary, that is, when electronic sound recording or a similar recording method is used.

Where the method of recording is such that human intervention is an integral part of the actual recording, for example, shorthand, stenomask, or Gimelli voice-writer, it is the intention of the Congress that an official reporter appointed pursuant to 28 U.S.C. 753(a) be employed for that purpose.

The Senate Judiciary Committee Subcommittee on Courts conducted hearings on June 26, 1981 to investigate the merits of alternative methods of reporting judicial proceedings. Electronic sound recording, using high-quality, multiple-track recording equipment, was found to be an acceptable method of recording judicial proceedings. The results of a study conducted by the General Accounting Office indicated that proceedings could be recorded on electronic sound equipment at a lower cost than is now incurred for the services of official court reporters. The GAO study cited a potential cost saving of $14 million per year if electronic sound recording techniques were to be used instead of official court reporters in federal court proceedings on a nationwide basis. However, the Subcommittee on Courts found that it is neither practical nor feasible to replace all official court reporters with electronic sound recording equipment at this time. One reason is that there is some evidence that it takes more time to transcribe proceedings recorded on electronic sound recording equipment than it takes to transcribe proceedings recorded using shorthand or stenotype. There is also some evidence that computer-aided transcription has been used to successfully expedite the transcription process in some courts. However, the technology of computer-aided transcription cannot currently be adapted to transcribe tapes produced by electronic sound recording equipment.

In certain federal courtrooms, due to the nature of the proceedings most often heard in that court, electronic sound recording may not be the best nor most cost-effective method of reporting. It is the intent of the Committee that an independent determination should be made in each court, under the guidance and approval of the Administrative Office of the U.S. Courts and the Judicial Conference, of the court reporting method which will provide for the recording of all pro-

ceedings required to be recorded, while assuring the production of accurate transcripts within the shortest feasible time limits and at the lowest possible cost."[39]

In view of these findings, the court administrators and judges, with the guidance and approval of the Judicial Conference, should consider which recording method is best suited to the courts and the judicial proceedings under their jurisdiction.

Section 402—Effective Date.—Section 402 provides that the bill shall take effect sixty days after enactment. The delay is intended to provide time for planning the transition and for permitting the bar to become familiar with the provisions.

Section 403—Effect on Pending Cases.—Section 403 provides for the orderly disposition of cases pending on the effective date of the bill.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., November 16, 1981.

Hon. STROM THURMOND,
Chairman, Committee on the Judiciary, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed S. 1700, the Federal Courts Improvement Act of 1981, as ordered reported by the Senate Committee on the Judiciary, October 20, 1981. This cost estimate supersedes the one prepared by this office on November 6, 1981.

S. 1700 merges the appellate division of the existing U.S. Court of Claims and the U.S. Court of Customs and Patent Appeals into the U.S. Court of Appeals for the Federal Circuit. The seven judges of the Court of Claims and the five judges of the Court of Customs and Patent Appeals will be combined into a single, twelve-judge court. Vacancies on this court will thereafter be filled by Presidential appointment, with the advice and consent of the Senate, for life terms.

The new U.S. Claims Court will be an article I trial forum inheriting essentially all the trial jurisdiction of the Court of Claims. The Claims Court will be composed of sixteen judges appointed by the President, with Senate approval, for terms of fifteen years. As a traditional measure, those individuals serving as active commissioners of the Court of Claims on the effective date of this act will become Claims Court judges. Like the present Court of Claims and the Tax Court, the Claims Court will be authorized to sit nationwide. This estimate assumes March 1, 1982, as the bill's effective date.

Based on information from the Administrative Office of the U.S. Courts, it is expected that the only expenses associated with the bill will be for travel and transportation, attorney fees, and some personnel changes. These items are expected to total less than $70,000 and to be offset by receipts associated with the $50 increase in the petition filing fee. This fee adjustment is estimated to bring in $47,000 in fis-

[39] Management of Court Reporting Services, National Center for State Courts, 1978.

cal year 1982 and $80,000 in fiscal years 1983 through 1986, assuming 1,600 annual petition filings. Additionally, S. 1700 establishes a nationally uniform rate of interest on judgements in the federal courts. There is, however, no basis for estimating the budget impact of those provisions of the bill.

CIVIL SERVICE RETIREMENT

Enactment of S. 1700 would increase income and outlays for the Civil Service Retirement (CSR) fund. The higher income, increasing CSR budget authority by about $170,000, would result from payments to CSR by the Administrative Office of the United States Courts for former federal judges who left the bench to serve in the Executive Branch. Based on information provided by the Department of Justice, five former judges are eligible to request that payment be made on their behalf. The former judges could request payment to CSR anytime after enactment of the bill but prior to receiving CSR benefits. The Congressional Budget Office estimates that enactment of S. 1700 would increase annual CSR outlays during the next five years by less than $50,000.

On November 4, 1981, the Congressional Budget Office prepared a cost estimate for H.R. 4482, as ordered reported by the House Committee on the Judiciary, October 14, 1981. That bill also created a new U.S. Appeals Court for the Federal Circuit and a new U.S. Claims Court through the absorption and reorganization of the existing U.S. Court of Customs and Patent Appeals and the U.S. Court of Claims. For H.R. 4482, CBO estimated that enactment of that legislation would result in no significant additional cost to the government.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

REGULATORY IMPACT EVALUATION

In compliance with subsection 11(b) of rule XXVI of the Standing Rules of the Senate, the committee finds that no significant regulatory impact as defined by that subsection will result from the enactment of S. 1700.

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APPENDIX A

FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER,
Washington, D.C., September 24, 1981.

Re: H.R. 2405.

Hon. ROBERT W. KASTENMEIER,
Chairman, Subcommittee on Courts, Civil Liberties and the Administration of Justice, Committee on the Judiciary, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I have in hand a copy of a letter written to you by Herbert Hoffman of the the American Bar Association under date of September 16, 1981, opposing the enactment of the proposed Court of Appeals for the Federal Circuit. You will recall that Mr. Hoffman's letter was written as a response to that of Professor Leo Levin, Director of the Federal Judicial Center and formerly Executive Director of the Hruska Commission, which pointed out that the June 1975 final report of the Hruska Commission could not fairly be construed as opposing the consolidation aspects of H.R. 2405.

In Mr. Hoffman's zeal to undo what he necessarily must regard as the damaging impact of Professor Levin's views (since they obviously tend to undermine the strenuous efforts of Mr. Hoffman and his colleagues to prevent the establishment of the Court of Appeals for the Federal Circuit), Mr. Hoffman has created some false impressions of a sufficiently serious nature to warrant the writing of this letter.

More specifically, one reading Mr. Hoffman's letter is ineluctably led to the conclusion that the "specialized courts" of which he talks are analogous to the proposed Court of Appeals for the Federal Circuit and that, therefore, when the Hruska Commission opted in favor of a National Court of Appeals rather than a specialized patent court, it somehow was rejecting the concept embodied in the proposed CAFC. That, however, is not the case. As is clear from testimony which I delivered to your Committee on April 15, 1980 on behalf of the American Patent Law Association in my capacity as then President, the proposed CAFC is totally different from anything considered by the Hruska Commission or by Professor Gambrell and myself as patent consultants to that Commission. Indeed, that testimony responded step-by-step to the various objections which had been vocalized by Judge Rifkind and others against the establishment of a special patent court and pointed out in great detail how the imaginative proposal for the creation of a CAFC obviated such objections.

Moreover, while Professor Gambrell's and my names (in our capacity as patent consultants to the Hruska Commission) are mentioned several times in the materials sent to you by Mr. Hoffman, Mr. Hoffman nowhere mentions the fact that Professor Gambrell and I are amongst the most vocal advocates of the establishment of a Court of Appeals for the Federal Circuit for reasons which are also conspicu-

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ously missing from Mr. Hoffman's correspondence with you. What are those reasons? Since Professor Gambrell and I were consultants to the Hruska Commission, much has happened. The patent reliability prob-

lem has become a matter of greater concern with the innovation crisis which led President Carter to initiate his Domestic Policy Review, the final report of which urged amongst its foremost proposals the adoption of an appellate court having exclusive patent jurisdiction. Moreover, whereas the patent bar had been split on the question of whether or not a special appellate patent court should be formed, a dramatic shift took place in support of the wholly new and imaginative concept of the Court of Appeals for the Federal Circuit, including a 3:2 majority of the Patent, Trademark, and Copyright Section of Mr. Hoffman's own American Bar Association and a three times reaffirmed vote in support of the CAFC by the Board of Directors of the American Patent Law Association over the strenuous opposition of its current President, George W. Whitney, who has been one of the most ardent opponents of the measure.

To be frank, Mr. Chairman, it is my view and the view of many others knowledgeable about the patent system that there is no more important measure as far as the future health of the patent system is concerned than the proposed Court of Appeals for the Federal Circuit. The creation of such a court will provide, as no other measure standing alone can provide, the uniformity of judicial decisions which can provide the long-missing element of patent grant reliability, the absence of which cannot help but have a significant dampening effect on the enthusiasm for the investment of research and development dollars. Indeed, the recent Congressional enactment of legislation designed to encourage such research through tax incentives demonstrates the great concern regarding this sector of industrial activity. The passage of a bill establishing a Court of Appeals for the Federal Circuit would nicely complement such legislation.

In closing, Mr. Chairman, I cannot endorse too strongly the continuation of your laudable efforts to enact a Court of Appeals for the Federal Circuit. As you will also note from the statement at the end of this letter, Professor Gambrell, my co-consultant on the Hruska Commission, fully joins with me in these sentiments.

Sincerely,

DONALD R. DUNNER.

As a co-consultant with Mr. Dunner to the Hruska Commission, I wish to note that I join fully with Mr. Dunner in the views expressed in this letter.

Sincerely,

JAMES B. GAMBRELL.

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APPENDIX B

ADMINISTRATIVE OFFICE OF THE U.S. COURTS,
Washington, D.C., October 19, 1981.

Hon. ROBERT DOLE,
Chairman, Subcommittee on Courts, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Mr. Velde has asked me to respond to concerns which have been voiced in relation to the potential confusion of patent and antitrust issues in cases which would be appealable to the new United States Court of Appeals for the Federal Circuit. Apparently there is an apprehension that cases which involve primarily antitrust issues may be inappropriately appealed to the United States Court of Appeals for the Federal Circuit solely because a secondary issue involving patent law exists. When the Judicial Conference approved the concept embodied in Title I of S. 1700 it perceived no problem arising from the direction of appeals in cases wherein jurisdiction is based in whole or in part on section 1338 of title 28.

In general, the expressed concern will probably be addressed most effectively by counsel acting on behalf of their clients. Should a party file an appeal in a case in which patent issues are of secondary importance with the United States Court of Appeals for the Federal Circuit, opposing counsel, in most instances, can probably be relied upon to move for transfer of the appeal to the appropriate circuit court of appeals. Indeed, Part A of Title III of S. 1700 amending 28 U.S.C. § 1631 will facilitate the use of that remedy.

In a less generalized context certain specific problems may be anticipated, but so too may their remedies. At the pleading stage, a defendant charged with patent infringement often includes a defense and counterclaim described as based on violation by the plaintiff patent-owner of the antitrust laws. That alleged violation is a court-created gloss on the antitrust laws. It is of a particular nature, namely, a "misuse" of the patent (enforcing a patent known to be invalid, obtained by fraud, etc.; requiring a patent licensee to accept unwanted licenses under other patents; extending a patent licensee's royalty obligation beyond expiration of the patent). Though couched in antitrust terms, the issues are patent issues. They are not those involved in a suit based on the Sherman or Clayton Acts (relevant market; conspiracy to fix prices; refusal to deal; commercial favoritism).

Allegations of the patent-misuse type of antitrust violation do not change the nature of the case from one in which jurisdiction was based on section 1338 of title 28. Hence the presence of such issues at the appeal stage would not affect the appealability of such cases to the Court of Appeals for the Federal Circuit under section 1295(a)(1) of

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S. 1700. As indicated, the issues raised are patent issues merely couched in antitrust terms. No difficulty would occur in the appeal of those cases to the Court of Appeals for the Federal Circuit. Indeed, maxi-

mum achievement of a major goal of the bill, the provision of reliability and uniformity in the rules to be applied in patent cases, would require direction of the appeal in those cases to the Court of Appeals for the Federal Circuit.

Moreover, cases in which issues of patent-misuse survive the trial stage are rare. S. 1700 deals only with appeals.

Allegations of a patent misuse type of antitrust violation at the pleading stage provide a basis for discovery. A review of appellate decisions in patent cases indicates that discovery usually unearths no patent misuse, and such allegations fall out at the trial stage. Thus they are not present on appeal. Whether they were present at any earlier stage bears no relation to S. 1700.

It has been suggested that lawyers might inject purely sham issues of antitrust violations. Apart from the unlikelihood that many lawyers would so abuse the judicial process, the district courts can be relied upon to eliminate such issues at the trial stage, just as they do with other issues inserted for discovery purposes, sincerely or otherwise, and eliminated when found to be without basis in fact.

It is possible for one sued for patent infringement to file a permissive counterclaim against the plaintiff, which counterclaim might not involve any patent issues. Such a permissive counterclaim might be based on a true antitrust claim under the Sherman or Clayton Acts. It is also possible that a patent owner sued for a true antitrust violation might file a permissive counterclaim for infringement of its patent. In either instance, such a counterclaim would be a separate case, tried by the same district court and at the same time solely as a matter of convenience and economy. A district court which permitted such joinder, knowing that the patent case would be appealable to the Court of Appeals for the Federal Circuit and that the other case would be appealable to the local circuit, would have no difficulty in maintaining a clear line of distinction at the trial level. That would be true whether the permissive counterclaim involving no patent issue sounded in contract, SEC law, or in true antitrust (Sherman Act; Clayton Act) law.

It is not possible, of course, to predict the parameters of every possible case that may arise in the future. If a now unforeseen case should arise in which, after trial, a question could properly be raised as to where the appeal should go, the courts can be relied upon to resolve that single question, just as they have traditionally done in determining the nature of cases and in the interpretation of statutes and procedural matters over the years.

If there be any way in which we can be of further assistance, please let us know.

Sincerely,

WILLIAM JAMES WELLER,
Legislative Affairs Officer.

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ADDITIONAL VIEWS OF SENATOR PATRICK J. LEAHY ON S. 1700

I support S. 1700 because I believe that patent law stands apart from virtually every other legal discipline both in its extreme focus on science and technology and its need for uniformity in decisionmaking. The court of appeals for the federal circuit will not solve any of the substantive problems with our patent laws, but it will go a long way to diminishing forum shopping and reducing both the excessive cost and inconsistency in patent litigation. I am not convinced that there is any alternative approach that has a reasonable likelihood of success.

But I agree with the concerns expressed about the precedent of establishing specialty courts, which in general would be very detrimental to our tradition of diversity and independence on the bench. Senator Baucus argued forcefully before this Committee that proposals for other specialty courts have been made in areas like the environment, immigration, and taxation. I would be dismayed if the proponents of these ideas cited our action to justify additional specialty courts.

The uniqueness of the patent field is not its complexity, for many cases in a variety of areas are just as complex. Nor is the uniqueness simply the involvement of science and technology, which are an important element in much modern litigation. In patent cases, the court is almost always dealing with claims of innovation and weighing one body of technical evidence against another. In nearly all other litigation, science and technology, when relevant, are related to other human or social issues, and only a generalist court should ever hear such matters.

I would be very concerned if a specialty court were to hear environmental cases, for example deciding if a development should be built in a flood plain even though issues of hydrology were involved. And I should not like to see a specialty court deciding whether an airplane was airworthy, even though physics and engineering were involved. I would not want to see a specialty court deciding whether a defendant in a negligence case was driving while impaired, even though medicine and physiology were involved in testimony about his condition.

Tax laws frequently suffer from lack of uniform interpretation, but I would strongly oppose a specialty appeals court to hear all tax appeals. The risk of losing the vitality of different viewpoints in the circuits is too great, and tax matters are particularly good examples of cases involving the interaction of laws and people. Wherever government and its people are before the courts as litigants, the best guarantee of freedom from government excesses is a diverse and independent judiciary.

In short, I am aware of no likely candidate for an additional specialty court and wish to place in the record the considerations I believe justify distinguishing patent cases from other litigation.

PATRICK J. LEAHY.

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ADDITIONAL VIEWS OF SENATOR MAX BAUCUS ON S. 1700—THE FEDERAL COURTS IMPROVEMENTS ACT OF 1981

There are many portions of S. 1700 that I support and endorse as needed improvements in our Federal judicial system. However, I cannot support that portion of the legislation which would remove the jurisdiction of all patent cases from the eleven Federal circuit court of appeals. I believe this provision will undermine the status of existing regional circuits, will lead to a proliferation of Federal specialty courts and will not solve the problems it is designed to address in the patent system.

Many of us in the Congress have been greatly disturbed by the growing trend toward centralizing decisionmaking in Washington, D.C. Many of us have supported venue reform to ensure that cases are litigated in States, where the problems arise, rather than in the District of Columbia. Similarly, I believe that we must avoid centralized specialty courts.

In 1975, the Hruska Commission addressed this issue in its final report:

> Giving a national court exclusive jurisdiction over appeals in a category of cases now heard by the circuit courts would tend to dilute or eliminate regional influence in the decision of those cases. Our nation is not yet so homogenous that the diversity of our people cannot be reflected to some advantage in the decisions of the regional courts. Excluding these courts from consideration of particular categories of cases would also contract the breadth of experience and knowledge which the circuit judges would bring to bear on other cases; the advantages of decision making by generalist judges diminish as the judge's exposure to varied areas of the law is lessened.

While the Commission was not addressing this proposal specifically, it was attempting to analyze the merits of a large group of proposals designed to create one kind of specialty appeals court or another.

Over the past several years, there have been proposals to create a tax court of appeals, a civil rights court of appeals, an environmental courts of appeals, and even an immigration court. In my view, the attempt to create these specialty courts represents a very disturbing trend. They are based on two assumptions. The first is that this country and our judicial system is better off if we break up our areas of jurisprudence into specialties. The second is that we should move away from our current reliance on generalist judges. I do not share either of those views.

However, I am fully cognizant of the need for further reform of the patent system. I agree that there is a greater need for clarity and uniformity in our patent law. But the issue presented by this legisla-

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tion is whether Congress should attempt first to address such problems by creating a specialized court or whether there are other avenues available that do not have the severe negative consequences presented by a specialized court.

LIBRARY

Congress has not attempted a substantive clarification of patent law in over 25 years. If Congress is really interested in ensuring such clarity and uniformity, it should do so by rearticulating the standards that it would like to see a court utilize, not by "passing the buck."

Furthermore, creating a specialty court will not remove ambiguity. The Supreme Court has addressed patent law in approximately 15 cases over the last 20 years, and the experts agree that their holdings have not adequately resolved existing ambiguity in the patent law area. The problem has not been the Supreme Court's unwillingness to hear cases, but rather than decisions it has made. If that is the case, then the appropriate Congressional response should be substantive reform rather than passing the issue on the new court.

The high level of forum shopping also has a problem in the patent area. This is not a problem unique to patent law. But, in my view, Congress should not respond to forum shopping problems with a specialized court. Here again there is an alternative. The Congress should first attempt to rewrite venue laws in the patent area. Such legislation would be a much more appropriate and narrow response to the real problem.

Finally, Public Law 96-517, which was enacted less than one year ago, will allow the Patent and Trademark Office to reexamine an issued patent. This is an important reform in our patent system. At the time it was enacted, it was argued that each such legislation would dramatically increase the predictability and lower the expense of patent litigation. We ought to give this legislation time to work.

In conclusion, it is my view that some of the problems presented by the patent system can be addressed by means other than a specialized court. I do not believe Congress should create such a court until it has exhausted its other alternatives. Congress should carefully consider whether the consequences of beginning a trend toward specialty courts is in the best interests of this country.

Both the American Bar Association and the American College of Trial Lawyers have actively opposed that portion of S. 1700 that would remove patent appeals jurisdiction from the eleven federal circuit courts of appeals. They share my concern that creating such a specialty court is not in the best interest of the legal system.

In my judgment, S. 100 heads us in a direction of dealing with problems in substantive areas of jurisdiction that we ought to avoid assiduously. I have opposed specialized judicial forums in the past, and I remain unyielding in my opposition today. The creation of a specialized court as a remedy to whatever ills beset the world of patent law is ill-conceived and sets a disturbing precedent for the future centralization of appellate jurisdiction in other substantive areas of the law.

MAX BAUCUS.

97TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
No. 97-312

COURT OF APPEALS FOR THE FEDERAL CIRCUIT ACT OF 1981

NOVEMBER 4, 1981.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. KASTENMEIER, from the Committee on the Judiciary, submitted the following

REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 4482]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 4482) to establish a United States Court of Appeals for the Federal Circuit, to establish a United States Claims Court, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Court of Appeals for the Federal Circuit Act of 1981".

TITLE I—UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND UNITED STATES CLAIMS COURT

NUMBER AND COMPOSITION OF CIRCUITS

SEC. 101. Section 41 of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980 (Public Law 96-452; 94 Stat. 1994), is amended by striking out "twelve" and inserting in lieu thereof "thirteen" and by adding at the end of the table the following new item:

"Federal ..... All Federal judicial districts.".

NUMBER AND RESIDENCE OF CIRCUIT JUDGES

SEC. 102. (a) Section 44(a) of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980 (Public Law 96-452; 94 Stat. 1994), is amended by adding at the end of the table the following new item:

"Federal ..... 12".

(b) Section 44(c) of title 28, United States Code, is amended by adding at the end thereof the following new sentence: "While in active service, each circuit judge of the Federal judicial circuit appointed after October 1, 1982, and the chief judge of the Federal judicial circuit, whenever appointed, shall reside within fifty miles of the District of Columbia.".

PANELS OF JUDGES; NUMBER OF JUDGES FOR HEARINGS

SEC. 103. (a) Section 46 of title 28, United States Code, is amended—

(1) by striking out "divisions" each place it appears and inserting in lieu thereof "panels"; and

(2) in subsection (d) by striking out "division" and inserting in lieu thereof "panel".

(b) Section 46(b) of title 28, United States Code, is amended by inserting immediately before the period at the end of the first sentence thereof the following: ", except that the United States Court of Appeals for the Federal Circuit shall determine by rule a procedure for the rotation of judges from panel to panel to ensure that all of the judges sit on a representative cross section of the cases heard, and may determine by rule the number of judges, not less than three, who constitute a panel".

(c) Section 46(c) of title 28, United States Code, is amended by inserting immediately after "three judges" in the first sentence thereof the following: "(except that the United States Court of Appeals for the Federal Circuit may sit in panels of more than three judges if its rules so provide)".

PLACES OF HOLDING COURT

SEC. 104. (a) Section 48 of title 28, United States Code, is amended by striking out the first two sentences and inserting in lieu thereof the following:

"(a) The courts of appeals shall hold regular sessions at the places listed below, and at such other places within the respective circuit as each court may designate by rule:".

(b) Section 48 of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980 (Public Law 96-452; 94 Stat. 1994), is further amended by inserting at the end of the table of circuits and places the following new item:

"Federal ..... District of Columbia, and in any other place listed above as the court by rule directs.".

(c) Section 48 of title 28, United States Code, is further amended by striking out the final paragraph and inserting in lieu thereof the following:

"(b) Each court of appeals may hold special sessions at any place within its circuit as the nature of the business may require, and upon such notice as the court orders. The court may transact any business at a special session which it might transact at a regular session.

"(c) Any court of appeals may pretermit, with the consent of the Judicial Conference of the United States, any regular session of court at any place for insufficient business or other good cause.".

ORGANIZATION OF UNITED STATES CLAIMS COURT

SEC. 105. (a) Chapter 7 of title 28, United States Code, is amended to read as follows:

"CHAPTER 7—UNITED STATES CLAIMS COURT

Sec.
171. Appointment and number of judges; character of court; designation of chief judge.
172. Tenure and salaries of judges.
173. Times and places of holding court.
174. Assignment of judges; divisions.

175. Official duty station; residence.
176. Removal from office.
177. Disbarment of removed judges.

"§ 171. Appointment and number of judges; character of court; designation of chief judge

"(a) The President shall appoint, by and with the advice and consent of the Senate, sixteen judges who shall constitute a court of record known as the United States Claims Court. The court is declared to be a court established under article I of the Constitution of the United States.

"(b) The President shall designate one of the judges of the Claims Court who is less than seventy years of age to serve as chief judge. The chief judge shall continue to serve as chief judge until he reaches the age of seventy years and another judge is designated as chief judge by the President. After the designation of another judge to serve as chief judge, the former chief judge may continue to serve as a judge of the court.

"§ 172. Tenure and salaries of judges

"(a) Each judge of the United States Claims Court shall be appointed for a term of fifteen years.

"(b) Each judge shall receive a salary at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of this title.

"§ 173. Times and places of holding court

"The principal office of the United States Claims Court shall be in the District of Columbia, but the Claims Court may hold court at such times and in such places as it may fix by rule of court. The times and places of the sessions of the Claims Court shall be prescribed with a view to securing reasonable opportunity to citizens to appear before the Claims Court with as little inconvenience and expense to citizens as is practicable.

"§ 174. Assignment of judges; decisions

"(a) The judicial power of the United States Claims Court with respect to any action, suit, or proceeding, except congressional reference cases, shall be exercised by a single judge, who may preside alone and hold a regular or special session of court at the same time other sessions are held by other judges.

"(b) All decisions of the Claims Court shall be preserved and open to inspection.

"§ 175. Official duty station; residence

"(a) The official duty station of each judge of the United States Claims Court is the District of Columbia.

"(b) After appointment and while in active service, each judge shall reside within fifty miles of the District of Columbia.

"§ 176. Removal from office

"(a) Removal of a judge of the United States Claims Court during the term for which he is appointed shall be only for incompetency, misconduct, neglect of duty, engaging in the practice of law, or physical or mental disability. Removal shall be by the United States Court of Appeals for the Federal Circuit, but removal may not occur unless a majority of all the judges of such court of appeals concur in the order of removal.

"(b) Before any order of removal of a judge of the Claims Court may be entered, a full specification of the charges shall be furnished to the judge involved, and such judge shall be accorded an opportunity to be heard on the charges.

"(c) Any cause for removal of a judge of the Claims Court coming to the knowledge of the Director of the Administrative Office of the United States Courts shall be reported by him to the chief judge of the United States Court of Appeals for the Federal Circuit, and a copy of the report shall at the same time be transmitted to the judge.

"§ 177. Disbarment of removed judges

"A judge of the United States Claims Court removed from office in accordance with section 176 of this title shall not be permitted at any time to practice before the Claims Court."

(b) The item relating to chapter 7 in the chapter analysis of part I of title 28, United States Code, is amended to read as follows:

"7. United States Claims Court ..... 171".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 106. Chapter 9 of title 28, United States Code, and the item relating to chapter 9 in the chapter analysis of part I of such title, are repealed.

INTERLOCUTORY APPEALS FROM CERTAIN ORDERS

SEC. 107. Section 256(b) of title 28, United States Code, is amended by striking out "section 1541(b)" and all that follows through "in that section" and inserting in lieu thereof "section 1292(d)(1) of this title, and the United States Court of Appeals for the Federal Circuit may, in its discretion, consider the appeal".

ASSIGNMENT OF JUDGES

SEC. 108. (a)(1) Subsection (b) of section 291 of title 28, United States Code, is repealed.

(2) Subsection (c) of section 291 of such title is amended by striking out "(c)" and inserting in lieu thereof "(b)".

(b) Section 292(c) of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals or" and by striking out "in which the need arises".

(c)(1) Section 293 of title 28, United States Code, is amended—

(A) by repealing subsections (a), (c), and (d);

(B) by redesignating subsection (b) as subsection (a); and

(C) by redesignating subsection (e), as that subsection will become effective on April 1, 1984, as subsection (b).

(2) The section heading of section 293 of title 28, United States Code, is amended to read as follows:

"§ 293. Judges of the Court of International Trade.".

(3) The item relating to section 293 in the section analysis of chapter 13 of title 28, United States Code, is amended to read as follows:

"293. Judges of the Court of International Trade.".

(4) Section 160(a) of title 28, United States Code, as that section will become effective on April 1, 1984, is amended by striking out "293(e)" and inserting in lieu thereof "293(b)".

JUDICIAL CONFERENCE

SEC. 109. Section 331 of title 28, United States Code, is amended—

(1) in the first paragraph, by striking out "the chief judge of the Court of Claims, the chief judge of the Court of Customs and Patent Appeals,"; and

(2) in the third paragraph, by striking out the second sentence.

RETIREMENT

SEC. 110. (a) Section 372(a) of title 28, United States Code, is amended—

(1) in the third paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or"; and

(2) in the fifth paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or".

(b) Section 372(b) of title 28, United States Code, is amended by striking out "Court of Claims, Court of Customs and Patent Appeals, or" each place it appears.

(c) Section 372(c)(17) of title 28, United States Code, is amended by striking out "Court of Claims, the Court of Customs and Patent Appeals, and the Customs Court" and inserting in lieu thereof "United States Claims Court, the Court of International Trade, and the Court of Appeals for the Federal Circuit".

REPEAL; DISTRIBUTION OF COURT OF CLAIMS DECISIONS

SEC. 111. Section 415 of title 28, United States Code, and the item relating to section 415 in the section analysis of chapter 19 of such title, are repealed.

DEFINITIONS

SEC. 112. Section 451 of title 28, United States Code (including that section as it will become effective on April 1, 1984), is amended—

(1) in the second paragraph, by striking out "the Court of Claims, the Court of Customs and Patent Appeals,"; and

(2) in the fourth paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals,".

TRAVELING EXPENSES

Sec. 113. The second paragraph of section 456 of title 28, United States Code (including that paragraph as it will become effective on April 1, 1984), is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals" and inserting in lieu thereof "the United States Court of Appeals for the Federal Circuit".

APPLICATION OF CERTAIN PROVISIONS TO THE UNITED STATES CLAIMS COURT

Sec. 114. (a) Section 460 of title 28, United States Code, is amended to read as follows:

"§ 460. Application to other courts

"Sections 452 through 459 of this title shall also apply to the United States Claims Court, to each court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, and to the judges thereof.".

(b) The item relating to section 460 in the section analysis of chapter 21 of title 28, United States Code, is amended to read as follows:

"460. Application to other courts.".

INTERESTS OF THE UNITED STATES IN CERTAIN ACTIONS

Sec. 115. Section 518(a) of title 28, United States Code, is amended by striking out "in the Court of Claims" and all that follows through the end of the sentence and inserting in lieu thereof "and appeals in the United States Court of Appeals for the Federal Circuit, the United States Claims Court, or the Court of International Trade, in which the United States is interested".

TRANSMISSION OF PETITIONS IN SUITS AGAINST THE UNITED STATES

Sec. 116. (a) Section 520(a) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or in the United States Court of Appeals for the Federal Circuit".

(b) The section heading of section 520 of title 28, United States Code, is amended and by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or in United States Court of Appeals for the Federal Circuit".

(c) The item relating to section 520 in the section analysis of chapter 31 of title 28, United States Code, is amended to read as follows:

"520. Transmission of petitions in United States Claims Court or in United States Court of Appeals for the Federal Circuit; assistance furnished by departments.".

BUDGET ESTIMATES

Sec. 117. Section 605 of title 28, United States Code, is amended—

(1) by inserting immediately before the period at the end of the second paragraph the following: "and the estimate with respect to the United States Court of Appeals for the Federal Circuit shall be approved by such court"; and

(2) by striking out "Bureau of the Budget" each place it appears and inserting in lieu thereof "Office of Management and Budget".

DEFINITION OF COURTS

Sec. 118. Section 610 of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals" and inserting in lieu thereof "the United States Claims Court".

TECHNICAL ASSISTANTS

Sec. 119. (a) Chapter 47 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 714. Technical assistants

"The chief judge of the Court of Appeals for the Federal Circuit, with the approval of the court, may appoint such technical assistants as may be necessary, each of whom shall be subject to removal by the chief judge with the approval of the court. Such technical assistants may include a senior technical assistant and such number of assistant technical assistants as may be necessary.".

(b) The section analysis of chapter 47 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"714. Technical assistants.".

OFFICERS AND EMPLOYEES OF THE UNITED STATES CLAIMS COURT

SEC. 120. (a) Section 791(a) of title 28, United States Code, is amended to read as follows:

"(a) The United States Claims Court may appoint a clerk, who shall be subject to removal by the court. The clerk, with the approval of the court, may appoint necessary deputies and employees in such numbers as may be approved by the Director of the Administrative Office of the United States Courts. Such deputies and employees shall be subject to removal by the clerk with the approval of the court.".

(b) Section 792 of title 28, United States Code, and the item relating to section 792 in the section analysis of chapter 51 of such title, are repealed.

(c)(1) Section 794 of title 28, United States Code, is amended to read as follows:

"§ 794. Law clerks and secretaries

"The judges of the United States Claims Court may appoint necessary law clerks and secretaries, in such numbers as the Judicial Conference of the United States may approve, subject to any limitation of the aggregate salaries of such employees which may be imposed by law.".

(2) The item relating to section 794 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"794. Law clerks and secretaries.".

(d)(1) Section 795 of title 28, United States Code, is amended to read as follows:

"§ 795. Bailiffs and messengers

"The chief judge of United States Claims Court, with the approval of the court, may appoint necessary bailiffs and messengers, in such numbers as the Director of the Administrative Office of the United States Courts may approve, each of whom shall be subject to removal by the chief judge with the approval of the court.".

(2) The item relating to section 795 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"795. Bailiffs and messengers.".

(e) Section 796 of title 28, United States Code, is amended by striking out "The Court of Claims" and inserting in lieu thereof "Subject to the approval of the United States Claims Court, the Director of the Administrative Office of the United States Courts".

(f)(1) Section 797 of title 28, United States Code, is amended to read as follows:

"§ 797. Recall of retired judges

"(a) Any judge of the United States Claims Court who has retired from regular active service under the Civil Service Retirement Act shall be known and designated as a senior judge and may perform duties as a judge when recalled pursuant to subsection (b) of this section.

"(b) The chief judge of the Claims Court may, whenever he deems it advisable, recall any senior judge, with such judge's consent, to perform such duties as a judge and for such period of time as the chief judge may specify.

"(c) Any senior judge performing duties pursuant to this section shall not be counted as a judge for purposes of the number of judgeships authorized by section 171 of this title.

"(d) Any senior judge, while performing duties pursuant to this section, shall be paid the same allowances for travel and other expenses as a judge in active service. Such senior judge shall also receive from the Claims Court supplemental pay in an amount sufficient, when added to his civil service retirement annuity, to equal the salary of a judge in active service for the same period or periods of time. Such supplemental pay shall be paid in the same manner as the salary of a judge.".

(2) The item relating to section 797 in the section analysis of chapter 51 of title 28, United States Code, is amended by striking out "commissioners" and inserting in lieu thereof "judges".

(g)(1) The item relating to chapter 51 in the chapter analysis of part III of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 51 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

ABOLISHMENT OF UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

SEC. 121. (a) Chapter 53 of the title 28, United States Code, and the item relating to chapter 53 in the chapter analysis of part III of such title, are repealed.

(b) Subsection (b) of section 957 of title 28, United States Code, is repealed, and subsection (a) of such section 957 is amended by striking out "(a)".

(c) Sections 1255 and 1256 of title 28, United States Code, and the items relating to sections 1255 and 1256 in the section analysis of chapter 81 of such title, are repealed.

COURTS OF APPEALS JURISDICTION

SEC. 122. Section 1291 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "courts of appeals"; and

(2) by adding at the end thereof the following new sentence: "The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292 (c) and (d) and 1295 of this title.".

INTERLOCUTORY DECISIONS

SEC. 123. (a) Section 1292(a) of title 28, United States Code, is amended—

(1) by striking out "The courts" and inserting in lieu thereof "Except as provided in subsections (c) and (d) of this section, the courts";

(2) by striking out the semicolon at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) by striking out paragraph (4).

(b) Section 1292 of title 28, United States Code, is amended by adding at the end thereof the following new subsections:

"(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from an interlocutory order or decree described in subsection (a) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and

"(2) of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.

"(d)(1) When the chief judge of the Court of International Trade issues an order under the provisions of section 256(b) of this title, or when any judge of the Court of International Trade, in issuing any other interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(2) When any judge of the United States Claims Court, in issuing an interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(3) Neither the application for nor the granting of an appeal under this subsection shall stay proceedings in the Court of International Trade or in the Claims Court, as the case may be, unless a stay is ordered by a judge of the Court of International Trade or the Claims Court or by the United States Court of Appeals for the Federal Circuit or a judge of that court.".

CIRCUITS IN WHICH DECISIONS ARE REVIEWABLE

Sec. 124. Section 1294 of title 28, United States Code (including that section as it will become effective on April 1, 1984), is amended by striking out "Appeals" and inserting in lieu thereof "Except as provided in section 1292(c), 1292(d), or 1295 of this title, appeals".

JURISDICTION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Sec. 125. (a) Chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

"(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that jurisdiction of an appeal in a case involving a claim arising under any Act of Congress relating to copyrights or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

"(2) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), 1346(e), or 1346(f) of this title or under section 1346(a)(2) of this title when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title;

"(3) of an appeal from a final decision of the United States Claims Court;

"(4) of an appeal from a decision of—

"(A) the Board of Appeals or the Board of Patent Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

"(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

"(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

"(5) of an appeal from a final decision of the United States Court of International Trade;

"(6) to review the final determinations of the United States International Trade Commission, relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337);

"(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under headnote 6 to schedule 8, part 4, of the Tariff Schedules of the United States (relating to importation of instruments or apparatus);

"(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461);

"(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to sections 7703(b)(1) and 7703(d) of title 5; and

"(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)).

"(b) The head of any executive department or agency may, with the approval of the Attorney General, refer to the Court of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to the terms of any contract with the United States awarded by that department or agency which the head of such department or agency has concluded is not entitled to finality pursuant to the review standards specified in section 10(b) of the Contract Disputes Act of 1978 (41 U.S.C. 609(b)). The head of each executive department or

agency shall make any referral under this section within one hundred and twenty days after the receipt of a copy of the final appeal decision.

"(c) The Court of Appeals for the Federal Circuit shall review the matter referred pursuant to subsection (b) in accordance with the standards specified in section 10(b) of the Contract Disputes Act of 1978. The court shall proceed with judicial review on the administrative record made before the board of contract appeals on matters so referred as in other cases pending in such court, shall determine the issue of finality of the appeal decision, and shall, if appropriate, render judgment thereon, or remand the matter to any administrative or executive body or official with such direction as it may deem proper and just.

"§ 1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit

"Civil actions in the United States Court of Appeals for the Federal Circuit shall be given precedence, in accordance with the law applicable to such actions, in such order as the court may by rule establish.".

(b) The section analysis of chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new items:

"1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit.
"1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit.".

UNITED STATES CLAIMS COURT JURISDICTION AND VENUE

SEC. 125. (a) Sections 1296(b), 1346(a), and 1296(b) of title 28, United States Code, are each amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(b) Section 1402(a) of title 28, United States Code, is amended by inserting "in a district court" immediately after "civil action".

(c) Section 1406(c) of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "Court of Claims" the second and third places it appears and inserting in lieu thereof "Claims Court".

(d) Section 1491 of title 28, United States Code, is amended to read as follows:

"§ 1491. Claims against United States generally; actions involving Tennessee Valley Authority

"(a)(1) The United States Claims Court shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, any Act of Congress, or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. For purposes of this paragraph, an express or implied contract with the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, or Exchange Councils of the National Aeronautics and Space Administration shall be considered an express or implied contract with the United States.

"(2) To provide an entire remedy and to complete the relief afforded by the judgment, the court may, as an incident of and collateral to any such judgment, issue orders directing restoration to office or position, placement in appropriate duty or retirement status, and correction of applicable records, and such orders may be issued to an appropriate official of the United States. In any case within its jurisdiction, the court shall have the power to remand appropriate matters to any administrative or executive body or official with such direction as it may deem proper and just. The Claims Court shall have jurisdiction to render judgment upon any claim by or against a contractor arising under section 10(a)(1) of the Contract Disputes Act of 1978.

"(3) To afford complete relief on any contract claim brought before the contract is awarded, the court shall have exclusive jurisdiction to grant declaratory judgments and such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief. In exercising such jurisdiction, the court shall give due regard to the interests of national defense and national security.

"(b) Nothing herein shall be construed to give the United States Claims Court jurisdiction of any civil action within the exclusive jurisdiction of the Court of International Trade, or of any action against, or founded on conduct of, the Tennessee Valley Authority, or to amend or modify the provisions of the Tennessee Valley Authority Act of 1933 with respect to actions by or against the Authority.".

(e) Section 1492 of title 28, United States Code, is amended by striking out "chief commissioner of the Court of Claims" and inserting in lieu thereof "chief judge of the United States Claims Court".

(f)(1) Sections 1494, 1495, 1496, and 1497 of title 28, United States Code, are each amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The section heading of section 1497 of title 28, United States Code, is amended by striking out "growers," and inserting in lieu thereof "growers' ".

(g) Section 1498 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court";

(2) in subsections (b) and (d), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court".

(h) Sections 1499, 1500, 1501, 1502, and 1503 of title 28, United States Code, are each amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(i) Section 1504 of title 28, United States Code, and the item relating to section 1504 in the section analysis of chapter 91 of such title, are repealed.

(j) Section 1505 of title 28, United States Code, is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court" and by striking out "Court of Claims" the second place it appears and inserting in lieu thereof "Claims Court".

(k) Section 1506 of title 28, United States Code, is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court" and by striking out "Court of Claims" the second and third places it appears and inserting in lieu thereof "Claims Court".

(l) Section 1507 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(m)(1) The item relating to chapter 91 in the chapter analysis of part IV of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 91 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(3) The item relating to section 1499 in the section analysis of chapter 91, United States Code, is amended to read as follows:

"1499. Liquidated damages withheld from contractors under Contract Work Hours Standards Act.".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 127. Chapter 93 of title 28, United States Code, and the item relating to chapter 93 in the chapter analysis of part IV of such title, are repealed.

FEES AND COSTS

SEC. 128. (a) Section 1926 of title 28, United States Code, is amended to read as follows:

"§ 1926. Claims Court

"(a) The Judicial Conference of the United States shall prescribe from time to time the fees and costs to be charged and collected in the United States Claims Court.

"(b) The court and its officers shall collect only such fees and costs as the Judicial Conference prescribes. The court may require advance payment of fees by rule.".

(b) The item relating to section 1926 in the section analysis of chapter 123 of title 28, United States Code, is amended to read as follows:

"1926. Claims Court.".

REPEAL; TIME FOR APPEAL

SEC. 129. Section 2110 of title 28, United States Code, and the item relating to section 2110 in the section analysis of chapter 133 of such title, are repealed.

COURT OF APPEALS JURISDICTION

SEC. 130. Section 2342 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" immediately after "court of appeals";

(2) in paragraph (4), by inserting "and" immediately after the semicolon;

(3) in paragraph (5), by striking out "; and" and inserting in lieu thereof a period; and

(4) by striking out paragraph (6).

PLANT VARIETY PROTECTION OFFICE DECISIONS

SEC. 121. Section 2183 of title 28, United States Code, and the item relating to section 2183 in the section analysis of chapter 158 of such title, are repealed.

UNITED STATES CLAIMS COURT PROCEDURE

SEC. 122. (a) Sections 2501 and 2502(a) of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(b)(1) Section 2503 of title 28, United States Code, is amended to read as follows:

"§ 2503. Proceedings generally

"(a) Parties to any suit in the United States Claims Court may appear before a judge of that court in person or by attorney, produce evidence, and examine witnesses.

"(b) The proceedings of the Claims Court shall be in accordance with such rules of practice and procedure as the Claims Court may prescribe and in accordance with the Federal Rules of Evidence.

"(c) The judges of the Claims Court shall fix times for trials, administer oaths or affirmations, examine witnesses, receive evidence, and enter dispositive judgments. Hearings shall, if convenient, be held in the counties where the witnesses reside.".

(2) The item relating to section 2503 in the section analysis of chapter 165 of title 28, United States Code, is amended by striking out "before commissioners".

(c) Section 2504 of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "commissioner" each place it appears and inserting in lieu thereof "judge".

(d) Section 2505 of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "report findings" and inserting in lieu thereof "enter judgment".

(e) Section 2506 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(f) Section 2507 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (c), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court".

(g) Section 2508 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(h)(1) Section 2509(a) of title 28, United States Code, is amended to read as follows:

"(a) Whenever a bill, except a bill for a pension, is referred by either House of Congress to the chief judge of the United States Claims Court pursuant to section 1492 of this title, the chief judge shall designate a judge as hearing officer for the case and a panel of three judges of the court to serve as a reviewing body. One member of the review panel shall be designated as presiding officer of the panel.".

(2) Section 2509 of title 28, United States Code, is amended—

(A) in subsections (b), (c), (d), and (f), by striking out "trial commissioner" and inserting in lieu thereof "hearing officer";

(B) in subsections (b), (c), and (e), by striking out "chief commissioner" and inserting in lieu thereof "chief judge";

(C) in subsections (b), (f), and (g), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court";

(D) in subsection (d), by striking out "of commissioners"; and

(E) in subsection (g), by striking out "commissioners serving as trial commissioners" and inserting in lieu thereof "judges serving as hearing officers".

(i)(1) Section 2510 of title 28, United States Code, is amended to read as follows:

"§ 2510. Referral of cases by Comptroller General

"(a) The Comptroller General may transmit to the United States Claims Court for trial and adjudication any claim or matter of which the Claims Court might take jurisdiction on the voluntary action of the claimant, together with all vouchers, papers, documents, and proofs pertaining thereto.

"(b) The Claims Court shall proceed with the claims or matters so referred as in other cases pending in such court and shall render judgment thereon.".

(2) The item relating to section 2510 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2510. Referral of cases by Comptroller General.".

(j)(1) Section 2511 of title 28, United States Code, is amended by striking out ", or of the Supreme Court upon review,".

(2) Sections 2511, 2512, 2513(c), 2514, and 2515(a) of title 28, United States Code, are each amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(k)(1) Section 2516(a) of title 28, United States Code, is amended—

(A) by striking out "(a)"; and

(B) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) Subsection (b) of section 2516 of title 28, United States Code, is repealed.

(l) Section 2517 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (b), by striking out the comma immediately after "discharged".

(m) Section 2518 of title 28, United States Code, and the item relating to section 2518 in the section analysis of chapter 165 of such title, are repealed.

(n) Section 2519 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(o)(1) Section 2520(a) of title 28, United States Code, is amended—

(A) by striking out "(a)";

(B) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(C) by striking out "$10" and inserting in lieu thereof "$80".

(2) Subsections (b) and (c) of section 2520 of title 28, United States Code, are repealed.

(3) The section heading for section 2520 of title 28, United States Code, is amended by striking out "; cost of printing record".

(4) The item relating to section 2520 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2520. Fees.".

(p)(1) The item relating to chapter 165 in the chapter analysis of part VI of title 28, United States Code, is amended to read as follows:

"165. United States Claims Court Procedure ..... 2501".

(2) The chapter heading of chapter 165 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(q)(1) Chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 2521. Notice of appeal

"Review of a decision of the United States Claims Court shall be obtained by filing a notice of appeal with the clerk of the Claims Court within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts.".

(2) The section analysis of chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"2521. Notice of appeal.".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 133. Chapter 167 of title 28, United States Code, and the item relating to chapter 167 in the chapter analysis of part VI of such title, are repealed.

APPEALS FROM COURT OF INTERNATIONAL TRADE

SEC. 134. Section 2645(c) of title 28, United States Code, is amended by striking out "Customs and Patent Appeals within the time and in the manner provided in section 2601 of this title" and inserting in lieu thereof "Appeals for the Federal Circuit by filing a notice of appeal with the clerk of the Court of International Trade within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts".

Sec. 135. Rule 1101(a) of the Federal Rules of Evidence is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court" and by striking out "and commissioners of the Court of Claims".

TITLE II—CONFORMING AMENDMENTS OUTSIDE TITLE 28

Sec. 201. Section 225(f)(C) of the Federal Salary Act of 1967 (2 U.S.C. 356(C)), is amended by inserting immediately before the semicolon at the end thereof the following: "and the judges of the United States Claims Court".

Sec. 202. Section 7703 of title 5, United States Code, is amended—

(1) in subsection (b)(1), by striking out "Court of Claims or a United States court of appeals as provided in chapters 91 and 158, respectively, of title 28" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit";

(2) in subsection (c), by striking out "Court of Claims or a United States court of appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit"; and

(3) in subsection (d), by striking out "District of Columbia" and inserting in lieu thereof "Federal Circuit".

Sec. 203. The second sentence of section 71 of the Plant Variety Protection Act (7 U.S.C. 2461) is amended to read as follows: "The United States Court of Appeals for the Federal Circuit shall have jurisdiction of any such appeal.".

Sec. 204. Section 11(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2210(d)) is amended by striking out "Court of Claims of the United States" and inserting in lieu thereof "United States Claims Court".

Sec. 205. Section 204 of title 18, United States Code, and the section heading thereof are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or the United States Court of Appeals for the Federal Circuit".

Sec. 206. Section 29 of the Trademark Act of 1946 (15 U.S.C. 1121) is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" immediately after "circuit courts of appeal of the United States".

Sec. 207. (a) Section 29 of the Act entitled "An Act to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes", approved August 13, 1946 (25 U.S.C. 70v–3), is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

(b) Subsection (c) of section 29 of such Act is repealed.

(c) Subsection (d) of section 29 of such Act is amended by striking out "Supreme Court in accordance with the provisions of section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

Sec. 208. Section 2 of the Act of May 18, 1928 (25 U.S.C. 652) is amended—

(1) by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court";

(2) by striking out "Court of Claims of the United States" and inserting in lieu thereof "Claims Court"; and

(3) by striking out "Supreme Court of the United States" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit".

Sec. 209. Section 7422(e) of the Internal Revenue Code of 1954 is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

Sec. 210. Section 7428 of the Internal Revenue Code of 1954 is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

Sec. 211. (a) The second sentance of section 7456(c) of the Internal Revenue Code of 1954 is amended to read as follows: "Each commissioner shall receive pay at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of title 28, United States Code, and also necessary traveling expenses and per diem allowance, as provided in the Travel Expense Act of 1949, while traveling on official business and away from Washington, District of Columbia.".

(b) Notwithstanding the preceding paragraph, until such time as a change in the salary rate of a commissioner of the United States Tax Court occurs in accordance with section 7456(c) of the Internal Revenue Code of 1954, the salary of such commissioner shall be equal to the salary of a commissioner of the Court of Claims.

SEC. 212. Section 7482(a) of the Internal Revenue Code of 1954 is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" immediately after "United States Court of Appeals".

SEC. 213. Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a), is amended—

(1) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "in accordance with subsection 2516(b) of Title 28,".

SEC. 214. Section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)) is amended—

(1) in subparagraph (A), by striking out "Court of Claims" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit"; and

(2) in subparagraph (B), by striking out "United States Court of Claims for judicial review, under section 2510 of title 28, United States Code, as amended herein," and inserting in lieu thereof "Court of Appeals for the Federal Circuit for judicial review under section 1295 of title 28, United States Code,".

SEC. 215. Section 10(c) of the Contract Disputes Act of 1978 (41 U.S.C. 609(c)) is amended by striking out ", or, in its discretion" and all that follows through "of the case".

SEC. 216. Section 713 of title 44, United States Code, is amended—

(1) by striking out "eight hundred and twenty-two" and inserting in lieu thereof "eight hundred and twenty";

(2) by inserting "and" immediately after "Superintendent of Documents;"; and

(3) by striking out "to the Court of Claims, two copies; and".

SEC. 217. Section 1103 of title 44, United States Code, is amended by striking out "the Court of Claims," and by striking out "chief judge of the Court of Claims,".

SEC. 218. (a) The following provisions of law are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court":

(1) Sections 1 and 2 of the Act of October 19, 1973 (87 Stat. 466).

(2) Section 8715 of title 5, United States Code.

(3) Section 8912 of title 5, United States Code.

(4) Section 2273(b) of title 10, United States Code.

(5) Section 337(i) of the Tariff Act of 1930 (19 U.S.C. 1337(i)).

(6) Section 606(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2356(a)).

(7) Section 1 of the Act entitled "An Act providing for the allotment and distribution of Indian tribal funds", approved March 2, 1907 (25 U.S.C. 119).

(8) Section 2 of the Act of August 12, 1935 (25 U.S.C. 475a).

(9) Section 6110(i)(1) of the Internal Revenue Code of 1954.

(10) Section 2 of the Act of May 28, 1908 (30 U.S.C. 193a).

(11) Section 7 of the Act of July 31, 1894 (31 U.S.C. 72).

(12) Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a).

(13) Section 183 of title 35, United States Code.

(14) Section 104(c) of the Contract Work Hours and Safety Standards Act (40 U.S.C. 330(c)).

(15) Sections 13(b)(2) and 14 of the Contract Settlement Act of 1944 (41 U.S.C. 113(b) and 114).

(16) Sections 8(d) and 10(d) of the Contract Disputes Act of 1978 (41 U.S.C. 607(d) and 609(d)).

(17) Sections 171 and 173 of the Atomic Energy Act of 1954 (42 U.S.C. 2221 and 2223).

(18) Section 10(i) of the Trading With the Enemy Act (50 U.S.C. App. 10(i)).

(19) Sections 103(f), 103(i), 105, 106(a)(6), 108, 108A, and 114(5) of the Renegotiation Act of 1951 (50 U.S.C. App. 1213(f), 1213(i), 1215, 1216(a)(6), 1218, 1218a, and 1224(5)).

(20) Section 4 of the Act of July 2, 1948 (50 U.S.C. App. 1984).

(b) The section heading of section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(c) Section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "Supreme Court upon certiorari in the manner provided in section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

SEC. 219. The following provisions of law are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court":

(1) Section 4(c) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(c)).

(2) Section 20 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831s).

(3) Section 403 of the International Claims Settlement Act of 1949 (22 U.S.C. 1642b).
(4) Section 2(a) of the Act of May 15, 1978 (92 Stat. 244).
(5) Section 311(f) of the Federal Water Pollution Control Act (33 U.S.C. 1321(f)).
(6) Section 10(b) of the Intervention on the High Seas Act (33 U.S.C. 1479(b)).
(7) Section 282 of title 35, United States Code.
(8) Section 10(a)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 609(a)(1)).
(9) Section 5251 of the Revised Statutes (45 U.S.C. 87).
(10) Section 41(a) of the Trading With the Enemy Act (50 U.S.C. App. 42(a)).

Sec. 220. The following provisions of law are amended by striking out "United States Court of Customs and Patent Appeals" and "Court of Customs and Patent Appeals" each place they appear and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit":
(1) Section 21 of the Trademark Act of 1946 (15 U.S.C. 1071).
(2) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182).
(3) Section 305(d) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457(d)).

Sec. 221. (a) The following provisions of law are amended by striking out "Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "Court of Appeals for the Federal Circuit":
(1) Subsections (d) and (f) of section 516 of the Tariff Act of 1930 (19 U.S.C. 1516 (d) and (f)).
(2) Section 516A (c) and (e) of the Tariff Act of 1930 (19 U.S.C. 1516a (c) and (e)).
(3) Section 528 of the Tariff Act of 1930 (19 U.S.C. 1528).
(4) Section 337(c) of the Tariff Act of 1930 (19 U.S.C. 1337(c)).
(5) Section 284(c) of the Trade Act of 1974 (19 U.S.C. 2395(c)).
(6) Section 308(9) of the Ethics in Government Act (28 U.S.C. App.).
(7) Sections 141 through 146 of title 35, United States Code.

(b)(1) The item relating to section 141 in the section analysis of chapter 13 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".
(2) The section heading for section 141 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

Sec. 222. The following provisions of law are amended by striking out "the United States Court of Claims, the United States Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "the United States Claims Court":
(1) Section 6001(4) of title 18, United States Code.
(2) Section 906 of title 44, United States Code.

TITLE III—MISCELLANEOUS PROVISIONS

EFFECTIVE DATE

Sec. 301. The provisions of this Act shall take effect on October 1, 1982.

CONTINUED SERVICE OF CURRENT JUDGES

Sec. 302. The judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals in regular active service on the effective date of this Act shall continue in office as judges of the United States Court of Appeals for the Federal Circuit. Senior judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals on the effective date of this Act shall continue in office as senior judges of the United States Court of Appeals for the Federal Circuit.

APPOINTMENT OF CHIEF JUDGE OF COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Sec. 303. Notwithstanding section 45(a) of title 28, United States Code, the first chief judge of the United States Court of Appeals for the Federal Circuit shall be the chief judge of the United States Court of Claims or the chief judge of the United States Court of Customs and Patent Appeals, whoever has served longer as chief judge of his court. Notwithstanding section 45 of title 28, United States Code, whichever of the two chief judges does not become the first chief judge of the United States Court of Appeals for the Federal Circuit under the preceding sentence shall,

while in active service, have precedence and be deemed senior in commission over all the circuit judges of the United States Court of Appeals for the Federal Circuit (other than the first chief judge of that circuit). When the person who first serves as chief judge of the United States Court of Appeals for the Federal Circuit vacates that position, the position shall be filled in accordance with section 45(a) of title 28, United States Code, as modified by the preceding sentence of this section.

COURT OF CLAIMS COMMISSIONERS

Sec. 304. (a) Notwithstanding section 171(a) of title 28, United States Code, as amended by this Act, a commissioner of the United States Court of Claims serving immediately prior to the effective date of this Act shall become a judge of the United States Claims Court on the effective date of this Act.

(b) Notwithstanding section 172(a) of title 28, United States Code, as amended by this Act, the initial term of office of a person who becomes a judge of the United States Claims Court under subsection (a) of this section shall expire on September 30, 1986, except that no such individual shall serve as a judge after reaching the age of seventy years.

(c) Notwithstanding section 172(b) of title 28, United States Code, as amended by this Act, until such time as a change in the salary rate of a judge of the United States Claims Court occurs in accordance with such section 172(b), the salary of such judge shall be equal to the salary of a commissioner of the Court of Claims.

APPOINTMENT OF JUDGES BY THE PRESIDENT

Sec. 305. The Congress—

(1) takes notice of the fact that the quality of the Federal judiciary is determined by the competence and experience of its judges; and

(2) suggests that the President, in nominating individuals to judgeships on the United States Court of Appeals for the Federal Circuit and the United States Claims Court, select from a broad range of qualified individuals.

EFFECT ON PENDING CASES

Sec. 306. (a) Any case pending before the Court of Claims on the effective date of this Act in which a report on the merits has been filed by a commissioner, or in which there is pending a request for review, and upon which the court has not acted, shall be transferred to the United States Court of Appeals for the Federal Circuit.

(b) Any matter pending before the United States Court of Customs and Patent Appeals on the effective date of this Act shall be transferred to the United States Court of Appeals for the Federal Circuit.

(c) Any petition for rehearing, reconsideration, alteration, modification, or other change in any decision of the United States Court of Claims or the United States Court of Customs and Patent Appeals rendered prior to the effective date of this Act that has not been determined by either of those courts on that date, or that is filed after that date, shall be determined by the United States Court of Appeals for the Federal Circuit.

(d) Any matter pending before a commissioner of the United States Court of Claims on the effective date of this Act, or any pending dispositive motion that the United States Court of Claims has not determined on that date, shall be transferred to the United States Claims Court.

(e) Any case in which a notice of appeal has been filed in a district court of the United States prior to the effective date of this Act shall be decided by the court of appeals to which the appeal was taken.

TVA LEGAL REPRESENTATION

Sec. 307. Nothing in this Act affects the authority of the Tennessee Valley Authority under the Tennessee Valley Authority Act of 1933 to represent itself by attorneys of its choosing.

PURPOSE OF THE BILL

H.R. 4482 establishes a new intermediate appellate court to be called the United States Court of Appeals for the Federal Circuit. Creation of this court is accomplished through a merger of the

United States Court of Claims and the United States Court of Customs and Patent Appeals ("CCPA") into a single appellate court with expanded jurisdiction. The creation of this new court substantially improves the administration of the law in the areas of patents, government contracts, merit system protection, trademarks and international trade; provides a tribunal capable of exercising intermediate appellate jurisdiction nationwide; and results in improved functioning of the federal appellate system.

H.R. 4482 also creates a new Article I trial forum known as the United States Claims Court, which inherits the trial jurisdiction of the Court of Claims. The creation of this court provides an upgraded and better organized trial forum for government claims cases.

Background and Need for Legislation

Responding to the Federal Appellate Crisis

Over the past two decades, the caseload of the federal appellate system has grown so large that a crisis has arisen. Between 1962 and 1981, appellate court filings increased more than fivefold from 4,832 cases to 26,362. At the same time, the number of federal circuit judges increased only from 78 to 132. The caseload of each judge more than tripled during this period. Although the addition of the 35 new appellate judges authorized by the Omnibus Judgeship Act of 1978 (Public Law 95-486) has helped the courts of appeals to keep pace with their work, the trend toward increased appellate court filings has continued. The addition of numerous district court judges, also created by the 1978 Omnibus Judgeship Bill, coupled with legislation conferring increased powers on bankruptcy judges (see Public Law 95-598) and magistrates (see Public Law 96-82) have generated more lower court decisions requiring appellate review. The net result is that the federal appellate system faces a crisis that actually is worsening rather than being solved. This is a crisis that does not only affect judges. As stated in a report of the Department of Justice:

> This is not a crisis for the courts alone. It is a crisis for litigants who seek justice, for claims of human rights, for the rule of law, and it is therefore a crisis for the Nation.[1]

Unfortunately, a solution to the rising tide of appellate work is not facile. It is neither possible nor desirable to continually add new judges to the federal judicial pyramid. Such an approach is, at best, a short-term solution. It may create more problems than it solves. The mere addition of new judgeships itself creates problems such as increased intracircuit conflicts, unwieldly en banc proceedings and a loss in judicial collegialtity.[2] As former Judge Shirley M. Hufstedler observed:

> A judicial system cannot be expanded horizontally beyond the capacity of the next tier to process the added

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[1] Report of the Department of Justice Committee on Revision of the Federal Judicial System 1 (1977).

[2] See H.R. Rept. No. 95-658, 95th Cong., 2d Sess. (1978). In its report on the Omnibus Judgeship Bill, this Committee found that the federal judiciary cannot be enlarged indeterminably without threatening its high quality. Creation of judgeships leads unavoidably to the creation of more and more judicial staff, with attendant problems of judicial bureaucratization—something avoided in the past—becoming a problem. *See* Rubin, Bureaucratization of the Federal Courts: The Tension Between Justice and Efficiency, 55 Notre Dame L. Rev. 648 (1980).

cases. For that reason, district courts cannot be indefinitely expanded, unless access to the appellate courts is correspondingly curtailed. A judicial system cannot be indefinitely expanded vertically because cases that should reach the top of the ladder fall by the wayside due to delay, expense, or battle fatigue.

Judicial personnel cannot be indefinitely added without imperiling the quality of persons attracted to the bench. Nonjudicial personnel cannot be perpetually increased without turning courts into the impersonal bureaucracies which the litigants are trying to escape.

In short, federal judicial time is a scarce commodity. The supply can be increased a little, but very little, without impairing or destroying its value. We must face up to the fact that we have to treat federal judicial time as we have treated other essential resources in the periods of shortage. We have to inventory our present and future supply to ascertain the totality for distribution.[3]

The new court that results from the merger brought about by this bill will help alleviate the docket pressures on the regional courts of appeals by reallocating and realigning existing judicial resources, not by adding new ones. No new judgeships are created;[4] and the number of federal courts within the system is not increased.

The United States Court of Appeals for the Federal Circuit

The essence of the proposal is the provision for a new intermediate appellate court. The Court of Claims and the Court of Customs and Patent Appeals are merged into a single appellate court which would take over the merged courts' twelve judgeships. The resulting United States Court of Appeals for the Federal Circuit is an Article III court at the same level as the existing circuit courts of appeals. The new court will function like these other appellate courts; but its jurisdiction, like that of the courts it replaces, is defined by subject matter rather than geography. It inherits all the appellate jurisdiction of the two existing courts. Thus, the new court will hear appeals in suits against the government for damages or for the refund of federal taxes, appeals from the Court of International Trade, appeals from the Patent and Trademark Office, and a few other agency review cases. In addition, the court has jurisdiction over all federal contract appeals in which the United States is a defendant, over patent appeals from all federal district courts, and over all appeals from the Merit Systems Protection Board (including cases over which the Court of Claims did not have jurisdiction [5]). Review of the new court's decisions will be in the Supreme Court by petition for writ of certiorari.

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[3] State of the Judiciary and Access to Justice: Hearings before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, 95th Cong., 1st Sess. 149 (1977) (statement of Shirley M. Hufstedler) [hereinafter referred to as House Hearings on the State of the Judiciary]; *see also Id.* at 112 (statement of Burt Neubourne); Hufstedler, New Blocks for Old Pyramids: Reshaping the Judicial System, 44 So.Cal.L. Rev. 901 (1971).

[4] The sixteen trial commissioners employed by the Court of Claims, previously designated by rule of court as trial judges, are elevated to the status of Article I judges.

[5] *See* Dunn v. *United States, Dept. of Agriculture*, appeal No. 1-80, decided June 17, 1981 (Ct. Cl.)

Reducing Judicial Specialization

By combining the jurisdiction of the two existing courts along with certain limited grants of new jurisdiction, the bill creates a new intermediate appellate court markedly less specialized than either of its predecessors and provides the judges of the new court with a breadth of jurisdiction that rivals in its variety that of the regional courts of appeals. The proposed new court is not a "specialized court." Its jurisdiction is not limited to one type of case, or even to two or three types of cases. Rather, it has a varied docket spanning a broad range of legal issues and types of cases. It will handle all patent appeals and some agency appeals, as well as all other matters that are now considered by the CCPA or the Court of Claims. The Court of Claims decides cases involiving federal contracts, civil tax issues if the government is the defendant, Indian claims, military and civilian pay disputes, patents, inverse condemnation, and various other matters.[6] The CCPA decides patent and customs cases from several sources, and those cases often include allegations of defenses of "misuse, fraud, inequitable conduct, violation of the antitrust laws, breach of trade secret agreements, unfair competition, and such common law claims as unjust enrichment."[7]

Meeting the Imperatives of Appellate Justice

The proposed court also will score positively with respect to various lessons of appellate court reform that emerged from various well-known study groups and committees, including the Freund Committee, the Hruska Commission, and the Advisory Council for Appellate Justice.[8] First, the proposal is for a new court, free of jurisdictional uncertainties and composed of permanent Article III judges of its own. Second, the number of judges within the Federal judiciary does not increase; and the number of courts actually decreases. Third, no new tier of courts is added to the Federal judicial system and the status of other existing courts and judges is not diminished. Access to and review by the Supreme Court remains unchanged.[9]

Transitional Provisions

As a transitional measure, the persons occupying the twelve Article III judgeships of the two existing courts on the effective date of this legislation (October 1, 1982) become judges of the new court. Their positions are designated as United States circuit judgeships; and future vacancies on the court will be filled by Presidential appointment, with Senatorial confirmation.

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[6] *See* 28 U.S.C sections 1491-1507.

[7] *See* Kauper (Statement submitted to the Hruska Commission, May 20, 1974, at 14 (unpublished; on file with National Archives). *See* 28 U.S.C. section 1541-1545.

[8] To increase the capacity of the federal judicial system for definite adjudication of issues of national law, various proposals for restructuring the federal appellate courts have been considered in recent years by lawyers, jurists, and academicians. Detailed recommendations have been developed by the Study Group on the Caseload of the Supreme Court (the Freund Committee), the Committee on Revision of the Federal Court Appellate System (the Hruska Commission), and the Advisory Council for Appellate Justice chaired by Professor Maurice Rosenberg. *See* Federal Judicial Center, Report of the Study Group on the Caseload of the Supreme Court (1972); Commission on Revision of the Federal Court Appellate System, Structure and Internal Procedures: Recommendations for Change, *reprinted in* 67 F.R.D. 195 (1975); and Advisory Council for Appellate Justice, Recommendations for Improving the Federal Intermediate Appellate System (1975). *See generally* House Hearings on the State of the Judiciary, *Supra* note 3, at 220, 620. *See also* Friendly, Federal Jurisdiction: A General view (1973).

[9] For a discussion of the imperatives of appellate justice, see P. Carrington, D. Meador, M. Rosenberg, Justice on Appeal 7-13 (1976).

As a further transitional feature, the first chief judge of the Court of Appeals for the Federal Circuit will be the chief judge of the Court of Claims or the chief judge of the Court of Customs and Patent Appeals, whoever has served longer as chief judge of his respective court. The junior chief judge is deemed senior in commission over all the other circuit judges on the new court. Successor chief judges of the Federal Circuit will be chosen by seniority of commission, in the manner prescribed for other United States courts of appeals under 28 U.S.C. 45.

Location and Panel Composition

The new appellate court has its headquarters in Washington, D.C., in the facilities presently shared by the two existing courts. By rule of court, it can sit at other designated places throughout the country. Indeed, it is the prevailing view of the committee that the new court, adequate caseload permitting, should make diligent efforts to sit throughout the country. The court will sit in panels of three or more judges or en banc. Under existing law, other United States courts of appeals are authorized to decide cases in separate divisions, each consisting of three judges. *See* 28 U.S.C. 46(b). Since the jurisdiction of the Court of Appeals for the Federal Circuit consists of an unusual number of complex cases in which current law lacks uniformity or is inconsistently applied, and since the new court's decisions are intended to have nationwide precedential effect, the legislation authorizes the judges of the Federal Circuit to determine the size of the panels in which the court will sit, with the provision, however, that panels cannot consist of less than three judges. This permits the Federal Circuit to sit in panels of more than three judges, but as less than a full en banc court, for cases in which authoritativeness of decision and doctrinal stability could be enhanced by the use of larger panels.

The Need for Increased Uniformity in Patent Law

The establishment of a single court to hear patent appeals was repeatedly singled out by the witnesses who appeared before the Committee as one of the most far-reaching reforms that could be made to strengthen the United States patent system in such a way as to foster technological growth and industrial innovation. The new Court of Appeals for the Federal Circuit will provide nationwide uniformity in patent law, will make the rules applied in patent litigation more predictable and will eliminate the expensive, time-consuming and unseemly forum-shopping that characterizes litigation in the field.

Patent litigation long has been identified as a problem area, characterized by undue forum-shopping and unsettling inconsistency in adjudications. Based on the evidence it compiled during the course of thorough hearings on the subject, the Commission on Revision of the Federal Court Appellate System—created by Act of Congress—concluded that patent law is an area in which the application of the law to the facts of a case often produces different outcomes in different courtrooms in substantially similar cases.[10] As a result, some circuit courts are regarded as "pro-patent" and

[10] *See* Commission on Revision of the Federal Court Appellate System, Structure and Internal Procedures: Recommendations for Change, 15, 144–57, 67 F.R.D. 195, 214, 361–76 (1975) (hereinafter "Hruska Commission Report"). The Hruska Commission was created by Public Law 92-489.

other "anti-patent," and much time and money is expended in "shopping" for a favorable venue. In a Commission survey of practitioners, the patent bar reported that uncertainty created by the lack of national law precedent was a significant problem; the Commission found patent law to be an area in which widespread forum-shopping was particularly acute.[11]

Presently, there are three possible forums for patent litigation: the Court of Customs and Patent Appeals, a federal district court, or the Court of Claims. Although these multiple avenues of review do result in some actual unresolved conflicts in patent law, the primary problem in this area is uncertainty which results from inconsistent application of the law to the facts of an individual case. Even in circumstances in which there is no conflict as to the actual rule of law, the courts take such a great variety of approaches and attitudes toward the patent system that the application of the law to the facts of an individual case produces unevenness in the administration of the patent law. Perceived disparties between the circuits have led to "mad and undignified races" between alleged infringers and patent holders to be the first to institute proceedings in the forum they consider most favorable.

The Hruska Commission's patent law consultants deplored the forum-shopping that occurs in that field of the law. It was pointed out that, at least when the issue turned on validity:

> [p]atentees now scramble to get into the 5th, 6th, and 7th circuits since the courts there are not inhospitable to patents whereas infringers scramble to get anywhere but in these circuits.[12]

They concluded that forum-shopping on this scale:

> not only increases litigation costs inordinately and decreases one's ability to advise clients, it demeans the entire judicial process and the patent system as well.[13]

During its hearings held during the 96th and 97th Congresses, the Subcommittee on Courts, Civil Liberties and the Administration of Justice received the benefit of comments from distinguished jurists, patent practitioners and representatives of major technologically-oriented business enterprises. The great weight of their testimony confirmed the findings of the Hruska Commission that patent cases are inconsistently adjudicated.

Chief Judge Howard T. Markey of the Court of Customs and Patent Appeals confirmed the existence of this problem in patent law and the fact that the merger proposal directly addresses the issue.[14] Chief Judge Daniel M. Friedman of the Court of Claims also testified to the improvement in the federal judicial system that

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[11] *Id.* at 144-57, 67 F.R.D. at 361-76; *see also* letter from A. Leo Levin to Honorable Robert W. Kastenmeier (April 29, 1981) *reprinted in* Hearings on the Court of Appeals for the Federal Circuit Before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice 97th Cong., 1st Sess. 257 (1981) (hereinafter referred to as House Hearings on the Court of Appeals for the Federal Circuit).

[12] Hruska Commission Report, *supra* note 10 at 152, 67 F.R.D. at 370. Conclusions of the Commission's consultants, Professor James B. Gambrell and Donald R. Dunner, Esq.

[13] *Id.* During the 96th Congress, on behalf of the American Patent Law Association, Mr. Dunner testified forcefully in favor of the creation of a new court. *See* House Hearings on Industrial Innovation and Patent and Copyright Law Amendments Before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, 96th Cong., 2d Sess. 92 (1980) (hereinafter referred to as House Hearings on Industrial Innovation).

[14] House Hearings on Industrial Innovation, *supra* note 11, at 722; House Hearings on the Court of Appeals for the Federal Circuit, *supra* note 13, at 2.

would be brought about by the proposal.[15] Speaking on behalf of the Judicial Conference of the United States, both judges expressed strong support for the legislation.[16]

At present, the validity of a patient is too dependent upon geography[17] (*i.e.*, the accident of judicial venue) to make effective business planning possible. It is particularly difficult for small businesses to make useful and knowledgeable investment decisions where patents are involved when they fear a patent may be tied up for years in expensive litigation and when the standard of patentability varies from circuit to circuit.[18] A single court of appeals for patent cases will promote certainty where it is lacking to a significant degree and will reduce, if not eliminate, the forum-shopping that now occurs.[19]

Former Secretary of Commerce Philip M. Klutznick testified in support of the proposal:

> Decisions to file patent applications and to invest in commercializing inventions would be improved meaningfully as a result of the greater uniformity and reliability made possible * * *.[20]

For these reasons the establishment of a single court to hear patent appeals was a major recommendation of the Domestic Policy Review initiated by President Jimmy Carter and was an indispensable part of the President's industrial innovation program. The proposal was expressly endorsed by President Carter in a message to the Congress on February 17, 1979.[21]

The sentiment of the users of the patent system on this score is particularly compelling. For example, the Industrial Research Institute, a private, non-profit corporation with a membership of approximately 250 industrial companies that account for a major portion of the industrial research and development conducted in the United States, polled its membership and found them overwhelmingly in favor of centralizing patent appeals in a single court.[22]

The infrequency of Supreme Court review of patent cases leaves the present judicial system without any effective means of assuring even-handedness nationwide in the administration of the patent laws. The proposed new court will fill this void.

Directing patent appeals to the new court will have the beneficial effect of removing these unusually complex, technically difficult, and time-consuming cases from the dockets of the regional

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[15] House Hearings on Industrial Innovation, *supra* note 11, at 707; House Hearings on the Court of Appeals for the Federal Circuit, *supra* note 13 at 15.

[16] House Hearings on the Court of Appeals for the Federal Circuit, *supra* note 13, at 2-47.

[17] House Hearings on Industrial Innovation, *supra* note 11, at 47.

[18] House Hearings on Industrial Innovation, *supra* note 11, at 241, 272. (Statement of Eric E. Schellin, on behalf of the National Small Business Association, the Small Business Legislative Council, the American Society of Inventors and the National Patent Council).

[19] *Id.* at 625, 628. (Statement of Harry L. Manbeck, Jr., General Patent Counsel, General Electric Company, on behalf of the Committee for Economic Development).

[20] *Id.* at 2, 3. (Statement of Philip M. Klutznick).

[21] 125 *Cong. Record* 11911 (daily ed., Feb. 27, 1979).

[22] House Hearings on the Court of Appeals for the Federal Circuit, *supra* note 13, at 182. (Statement of Richard C. Witte). Further, the committee has received favorable written comments and strong support from over one hundred important corporations. *See Id.* at 191 (statement of Pauline Newman, on behalf of the Ad Hoc Committee in Support of a Single Court of Appeals).

courts of appeals.[23] This will leave those courts better able to handle other types of cases that flow to them. Although the creation of the new court will therefore reduce the workload of the appellate courts, case management is not the primary goal of the legislation; rather, the central purpose is to reduce the widespread lack of uniformity and uncertainty of legal doctrine that exist in the administration of patent law.

Removing the incentive to forum-shop also will reduce costs to litigants. The reduction of such costs will promote investment in innovative products and new technology. Moreover, as the new court brings uniformity to this field of law, the number of appeals resulting from attempts to obtain different rulings on disputed legal points can be expected to decrease. As in all contestable situations, a more predictable outcome will encourage the contestants to avoid litigation: as aptly observed by one witness, ". . . the rules of law need not be challenged daily, to reinforce the rule of law."[24]

Similarly, the uniformity in the law that will result from the centralization of patent appeals in a single court will be a significant improvement from the standpoint of the industries and businesses that rely on the patent system. Business planning becomes easier as more stable and predictable patent law is introduced. Patents have served as a stimulus to the innovative process. This can have important positive ramifications for the nation's economy.

Other Advantages

The creation of a single new appellate entity has other distinct advantages. The Court of Claims and the Court of Customs and Patent Appeals were historically justified at the time they were created, and those courts have done a good job with the cases that have been assigned to them through the years. But the merger of these two courts now will reduce some overlapping functions and would provide for more efficient court administration. From a practical standpoint, the merger of the Court of Claims and the CCPA can be accomplished with minimal disruption. The courts presently occupy but do not quite fill the Courts Building on Lafayette Square in Washington, D.C., sharing the library and dining facilities. There is a standing order of the Judicial Conference allowing the interchange of judges between the two courts.[25]

An analysis of the workload of the proposed new court discloses that this merger also can be accomplished easily in terms of caseload.[26] In addition to inheriting the jurisdiction of the CCPA and the Court of Claims, the new appellate court will also receive patent appeals and all appeals in federal contract cases brought against the United States that are presently heard in the regional courts of appeals. The new court's appellate jurisdiction in patent cases is defined in relation to the district court's jurisdiction; that is, if the district court has jurisdiction over the case under 28

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[23] In recent years, many patent appeals in the regional circuits have experienced intervals of more than two years from filing to decision. By contrast, the average interval in the CCPA is less than eight months. *See* 1979 Ann. Rep. Dir. A.O., Table G-2b, at A-122.

[24] *Id.* at 197 (statement of Pauline Newman).

[25] See Report of the Proceedings of the Judicial Conference of the United States, September 23-24, 1976, at 53.

[26] According to the statistics provided by the Administrative Office of U.S. Courts, the dockets of both existing courts are current. Set out below are tables showing the sources of cases for the proposed court:

Type of case	Filed	Terminated
Caseload in the Court of Customs and Patent Appeals fiscal year 1979:		
Customs, commerce and international trade	35	39
Patent and Trademark	134	134
Total CCPA cases	169	134
Appellate caseload in the Court of Claims, fiscal year 1979:		
Total dispositions by article III judges:		
In chambers	264	
Calendared	198	
Requests for review	50	
Total article III judges workload	512	

U.S.C. §1338(a), on the ground that the case arises under the patent law, the appeal in that cases will go to the new appellate court, instead of to the regional circuit.

On a projection of 1981 figures, the new court will be handling 159 cases that would otherwise have been heard by the CCPA, 512 cases that would have been heard by the Court of Claims, and approximately 350 patent or federal contract cases coming directly from the district courts that would have been heard by the regional courts of appeals. This will provide an appellate docket of about 1,021 cases. Detailed figures are not available concerning appeals from the newly created Merit Systems Protection Board, although it is known that in 1981 a total of 74 of these cases were filed in the Court of Claims.

The United States Claims Court

A second, and equally important, aspect of the bill is the creation of a new Article I trial forum known as the United States Claims Court. The Claims Court inherits substantially all the trial jurisdiction of the Court of Claims.

The Court of Claims is theoretically a trial court. In practice, the trial function of the Court is discharged by commissioners appointed by the Court. The Court itself sits as an appellate court reviewing the decisions of the commissioners. Under the proposed legislation, the Claims Court essentially will have the same jurisdiction that the Court of Claims now exercises through its Trial Division under the Tucker Act, 28 U.S.C. §1491, together with the authority to enter final judgment. This includes "any claim against the United States founded either upon the Constitution, or any Act of Congress, or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort." This jurisdiction covers tax refund suits, contract claims, civilian and military pay cases, suits seeking just compensation for inverse condemnation (situations in which the United States has taken action that deprives someone of a property interest), suits by Indian tribes and individual Indians, suits alleging that the United States or its contractors have infringed a patent, as well as a wide variety of other cases that either come within the jurisdictional authority of the Tucker Act or that Congress specifically has authorized the court to determine.

In short, the Claim Court's jurisdiction is substantially the same as the trial jurisdiction of the current Court of Claims, with the

sole exception that it will not hear Federal Tort Claims Act cases. Only one such case has ever been filed in the Court of Claims; since these cases frequently involve the application of state law, they will continue to go to the district courts and to the regional courts of appeals.

The new Claims Court also will be able to exercise equitable relief power—declaratory judgments and such extraordinary relief as it deems proper, including injunctive relief—in contract actions prior to award. This will permit the Claims Court to enjoin the award of contacts if, for example, illegal government conduct is involved.

The new United States Claims Court is composed of sixteen Article I judges, who will be appointed by the President with the consent of the Senate. They will serve for a term of fifteen years. This represents a significant improvement in assuring the independence of the trial function over the present situation in which the trial commissioners serve at the pleasure of the judges reviewing their decisions.

The chief judge of the Claims Court will be designated by the President of the United States. He or she will continue to serve as the judge until reaching the age of seventy and until another judge is designated as chief judge by the President. As a transitional measure, persons in active service as trial commissioners of the Court of Claims on the effective date of this legislation become Article I judges of the United States Claim Court. They will serve for initial terms that shall expire on October 1, 1986, but will be eligible for reappointment by the President to full fifteen-year terms. It is the expectation of the Committee that the President will carefully balance the twin obligations of providing adequate transition from the old to the new court by reappointing sitting commissioners to the new body, and at the same time, of selecting individuals to be judges on the basis of merit, regardless of race, sex, religion or national origin.

Like the present Court of Claims and the Tax Court, the Claims Court is authorized to sit nationwide. The court is required to establish times and places of its sessions with a view toward minimizing inconvenience and expense to litigants. This is an important obligation and the Committee expects the Claims Court will take it seriously.

Changes in the existing structure of the Court of Claims have been advocated by practitioners with extensive experience before the court[27] and by the commissioners themselves. The establishment of the Claims Court accomplishes a much needed reorganization of the current system by assigning the trial function of the court to trial judges whose status is upgraded and who are truly independent. Presently, the commissioners of the Court of Claims are appointed by the article III judges of that court and do not have the power to enter dispositive orders; final judgment in a case must be made by the article III judges after reviewing findings of fact and recommendations of law submitted by a commissioner. Thus, every case, in effect, is appealed in order to receive a final judgment even though no party expects the commissioner to be

[27] *See* House hearings on the court of Appeals for the Federal Circuit, *supra* note 13, at 158 (statement of Clarence T. Kipps and Steven C. Lambert on behalf of the Bar Association of the District of Columbia).

reversed. The creation of the United States Claims Court will reduce delay in individual cases and will produce greater efficiences in the handling of the court's docket by eliminating some of the overlapping work that has occurred as a result of this process.

Constitutionality

Congress has an independent and affirmative obligation continually to determine the constitutionality of legislation[18] During the 96th and 97th Congresses, the Committee considered the possible constitutional questions that arise from the reallocation of the personnel of the Court of Claims and of the Court of Customs and Patent Appeals to the new Court of Appeals for the Federal Circuit or the new Claims Court. The Committtee has concluded there is no constitutional objection to these reallocations.[19]

It is important to characterize the Claims Court grandfathering clause for what it really is. It merely continues the trail commissioners in office as judges of a reorganized court, with additional authority, for a limited transition period. Congress has eliminated courts and transferred judges to new or other courts in the past. *See, e.g.*, Act of October 22, 1913, ch. 32, 38 Stat. 208, 219 (abolishing Commerce Court and transferring judges to district courts and courts of appeals); District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198, § 431(c), 87 Stat. 774, 793 (December 24, 1973) (grandfathering District of Columbia judges). Second, after the Claims Court has come into existence, the power of the appointment is vested in the President, by and with the advice and consent of the Senate. Likewise, this does not have a constitutional infirmity. The provisions of the bill merely delay the date on which the President has power to nominate and, by and with the advice and consent of the Senate, appoint the judges of the Claims Court. Further, the bill provides a mechanism by which the power of appointment may be accelerated: the death, resignation or retirement of a sitting judge. For further analysis of these considerations, *See* memorandum from American Law Division to Hon. Robert Kastenmeier (Leland E. Beck, Oct. 2, 1981). Therefore the Committee finds no constitutional infirmity in the grandfathering clauses of the proposed legislation.

Likewise, as relates to the Court of Appeals for the Federal Circuit, the Committee can see no constitutional problems. The Committee has concluded that it is also permissible under *Shoemaker* for Congress by statute, and without a fresh Presidential

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[18] *See* Breer, *The Conscientious Legislator's Guide to Constitutional Interpretation*, 27 Stan. L. Rev. 585 (1975); (H. Rep. No. 96-297 96th Cong., 1st Sess. 1979).

[19] Article III, section 1, of the Constitution explicitly empowers the Congress to ordain and establish inferior courts. Consequently, the only questions concern the relation between the power of Congress, under Article I, section 8, cl. 18, of the Constitution to alter, enlarge, or restrict the functions of existing federal officers and the requirement of the Appointments Clause, Article II, section 2, cl. 2, that appointments as officers of the United States be made in the manner prescribed by that clause. Stated differently, this involves a reconciliation of the Supreme Court's decisions in *Shoemaker* v. *United States*, 147 U.S. 282, 301 (1893), and *Buckley* v. *Valeo*, 424 U.S. 1, 113-36 (1976). The earlier case stated the principle that Congress may, by statute, confer new duties on officers of the United States, at least where the new duties are "germane" to their existing functions, without the necessity of reappointment under the Appointments Clause. The latter holds that Congress may not itself appoint officers of the United States.

The Committee has concluded that the five-year carry-over of the trial commissioners into the Claims Court is a modification of an existing position rather than a legislative appointment to a new one, governed by *Buckley*. The bill merely would confer "germane" new duties and extend the tenure of the existing trial commissioners as permitted by *Shoemaker*, rather than create a new office.

nomination and senatorial confirmation, to make the judges of the Court of Claims and the Court of Customs and Patent Appeals, upon the abolition of those courts, judges of the newly created United States Court of Appeals for the Federal Circuit. No loss of authority, status, tenure, or compensation is involved and no judge is removed from hearing cases he had previously heard. It is, in the Committee's view, within Congress' power under Article I, section 8, cl. 9 and 18, to reallocate the business and personnel of the lower federal courts under these conditions.

Conclusion

In summary, consolidation of the Court of Claims and the Court of Customs and Patent Appeals is constitutionally permissible and logistically and technically uncomplicated. Furthermore, it will make maximum use of available facilities and personnel and make only a modest change in federal appellate court structure. It will reduce the incentive to forum-shop and bring desirable uniformity to an important area of the law. The number of appeals resulting from attempts to obtain different rulings on disputed legal points can be expected to decrease. Business and personal planning will be made easier as the law becomes more stable.

At the same time, the merger of the courts will relieve docket pressures both on the regional appellate courts and on the Supreme Court. Although the number of appeals to be redirected is not great in proportion to the total caseload of these courts, the cases that will be rerouted contain some of the most complex and time-consuming issues the courts consider. The impact of the new court on the dockets of these courts therefore will be far greater than the raw numbers might indicate. Thus, the proposed court will increase the capacity of the federal judicial system for definitive adjudication of patent and other issues falling within its jurisdiction.

STATEMENT

During the 95th, 96th, and 97th Congresses, the committee—acting through the Subcommittee on Courts, Civil Liberties and the Administration of Justice—has held extensive hearings on the need of the Federal judicial system to keep up with societal and technological change.[30]

Generally, there have been two focal points to the subcommittee's hearings. First, extensive testimony has been received on the ever increasing problems of the Federal courts and of those individuals who litigate in them. Second, the subcommittee inquired deeply into technological innovation as an element of productivity in the American marketplace.

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[30] In this regard, one witness before the subcommittee has eloquently stated: Today, too, we must be willing to recognize the need for prudent change. We can no longer afford to be satisfied with a structure unable to meet the needs of today and tomorrow no matter how grateful we may be that it has worked well in the past. The demands of a developing society, and the needs of a judicial system which must respond effectively to continued growth, require no less. House Hearings on the State of the Judiciary, *supra* note 3, at 226 (statement of A. Leo Levin).

95TH CONGRESS

Shortly after the beginning of the 95th Congress the subcommittee held general oversight hearings on the State of the Judiciary and Access to Justice. Seven days of hearings were conducted (on June 20, 22, and 29, July 21, 22, 28, and 29, 1977). The hearings produced excellent testimony from illustrious legal scholars. During these hearings, several witnesses, including Attorney General Griffin B. Bell for the Carter Administration, Honorable Robert A. Ainsworth, Jr. for the Judicial Conference of the United States, Prof. A. Leo Levin, former Executive Director of the Commission on Revision of the Federal Appellate System and present Director of the Federal Judicial Center, Honorable Shirley Hufstedler, for the American Bar Association, and former Solicitor General Robert Bork, addressed their thoughts to the pressing problems in the Federal appellate courts and to the need for various court reform proposals.

96TH CONGRESS

During the 96th Congress, the subcommittee received further evidence on the specific legislative proposals pending before it. As relates specifically to the court reform aspect of the proposal to create a Court of Appeals for the Federal Circuit, testimony was received from Chief Judge Howard T. Markey, U.S. Court of Customs and Patent Appeals; Chief Judge Daniel M. Friedman, U.S. Court of Claims; Honorable Maurice Rosenberg, Assistant Attorney General, U.S. Department of Justice; Donald Dunner, Esq., President, American Patent Law Association; and Benjamin Zelenko, Esq., and George Whitney, Esq., American Bar Association. The majority of these witnesses supported merging the Court of Claims and Court of Customs and Patent Appeals into a single court.

During the 96th Congress, there also was a second focal point to the subcommittee hearings. That was into industrial innovation as a key to increased productivity in the United States. Special emphasis was placed on the role of this country's patent system and patent policy regarding government funded research in promoting industrial innovation.

In this regard the Subcommittee on Courts, Civil Liberties and the Administration of Justice held a total of seven days of hearings (on April 3, 15, 17, 22, and 24, May 8, and June 9, 1980). Testimony was received from over 30 witnesses from Government, the private bar, industry, academic, small and corporate business, and the judiciary on pending legislation. Ultimately much of the substantive patent law legislation was enacted into law. *See* Public Law 96–517, 94 Stat. 3015 (96th Cong., 2d Sess. 1980).

As pertains to the proposal to create a Court of Appeals for the Federal Circuit (H.R. 3806), on August 26, 1980, this committee ordered the bill reported favorably by voice vote. See H. Rept. No. 96–1300, 96th Cong., 1st Sess. (1980).

On September 15, 1981, the 96th Congress bill went to the House floor on the suspension calendar. It was approved unanimously by voice vote.[31]

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[31] During the 96th Congress, the Senate also devoted considerable time and resources to federal appellate court improvements. Seven days of hearings were held on various proposals relating to improvements in judicial machinery, as embodied in S. 677 and S. 678. The original

The bill was held at the Senate desk and called up on Sept. 30, 1980. Due to an imminent threat to add a non-germane amendment relating to judicial review of regulatory actions (the "Bumpers Amendment"), the bill was withdrawn. When resolution of the Bumpers Amendment proved impossible, the bill was never rescheduled by the Senate leadership.

97TH CONGRESS

During the 97th Congress, the subcommittee held two more days of hearings on the legislation (H.R. 2405). These hearings were held on April 2 and 8, 1981. Testimony again was received from a diverse group of witnesses and organizations. Some had testified previously (including Chief Judge Markey, Chief Judge Friedman, the American Bar Association (through a new witness—James Geriak, Esq.); the American Patent Law Association (also through a new witness: Julius J. Jancin, Jr., Esq.). In addition, testimony was received from the Committee to Preserve the Patent Jurisdiction of the U.S. Courts of Appeals (Sidney Neuman, Esq., and Benjamin Zelenko, Esq., who had previously testified for the American Bar Association during the 96th Congress); the Industrial Research Institute, Inc. (Richard C. Witte, Esq.); Pauline Newman, Esq. (FMC Corporation Chemical Group); and Donald Banner, Esq. (former Commissioner of Patents). Written statements were received from approximately fifty individuals, organizations, bar associations, government entities, and businesses, including the Departments of Justice and Commerce, the Bar Association of the Seventh Circuit, the Bar Association of the District of Columbia, the Chemical Manufacturers Association and the American Chemical Society.

H.R. 2405 was marked up in two days. General debate was held on May 7, 1981; and actual markup occurred on September 10, 1981. Five minor amendments passed.[32] And then, a quorum of subcommittee Members being present, the bill was reported unanimously by voice vote in the form of a clean bill (H.R. 4482).

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bills were revised and embodied in a new omnibus bill (S. 1477), which then passed the Senate on October 30, 1979. Title III of S. 1477 was the counterpart legislation to H.R. 3806 (see S. Rept. No. 96-304, 96th Cong., 1st Sess. (1979). See Hearings on Federal Courts Improvements Act of 1979 before the Senate Judiciary Subcommittee on Improvements in Judicial Machinery, 96th Cong., 1st Sess. (1979); see also Addendum to hearings on Federal Courts Improvement Act of 1979 before the Senate Judiciary Subcommittee on Improvements in Judicial Machinery, 96th Cong., 1st Sess. (1979).

[32] Basically, the subcommittee amendments were technical and clarifying in nature. The amendments were as follows:

Amendment 1. During the 96th Congress, it was determined by amendment that the first chief judge of the Court of Appeals for the Federal Circuit should be the chief judge senior in commission of the merged courts. At that time, it was left unclear as to what should be the seniority perquisites of the junior chief judge. The subcommittee amendment merely clarified that the junior judge should be deemed senior on commission over all the circuit judges on the court, other than the chief judge.

Amendment 2. Changed the effective date from October 1, 1981 to October 1, 1982. In addition, the amendment set forth a more detailed explanation of the Act's effect on pending cases.

Amendment 3. Was a technical amendment to correct minor drafting errors in the bill and to conform it to several pieces of legislation passed by the 96th Congress, including the Court of International Trade legislation.

Amendment 4. Required that the Court of Appeals for the Federal Circuit—in authorizing the hearing and determination of cases in panels—shall by rule ensure that all the judges sit on a representative cross section of all the cases heard. The second prong of the amendment indicated the sense of Congress to the President that he select for nomination to the Court of Appeals for the Federal Circuit and the Claims Court individuals who possess a broad range of professional expertise.

Amendment 5. Restored a provision of existing law that permits a judge of the Claims Court to require a plaintiff to appear before him to be examined under oath as to all matters pertaining to his claim.

On October 15, 1981, the full committee considered H.R. 4482, and after general debate, a quorum of members being present ordered the bill reported favorably by voice vote.[33]

Section-by-Section Analysis

TITLE I—UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND UNITED STATES CLAIMS COURT

Section 101—Number and Composition of Circuits

Section 101 amends section 41 of title 28 of the United States code by creating a thirteenth judicial circuit of the United States, the United States Court of Appeals for the Federal Circuit, to review judgments from any judicial district in selected categories of cases. By virtue of this amendment, the seven existing judgeships of the Court of Claims and the five judgeships of the Court of Customs and Patent Appeals are combined to create twelve judgeships on the new court. The present members of the former two courts become judges on the new court and preserve all rights guaranteed under Article III of the Constitution, including seniority, salary and tenure.

Section 102—Number and Residence of Circuit Judges

Section 102 of the bill amends section 44(a) of title 28, United States Code, by authorizing the President, with the advice and consent of the Senate, to appoint twelve judges for the United States Court of Appeals for the Federal Circuit. Tenure, residence, and salary provisions of section 44 that apply to federal courts of appeals judges will apply also to the judges of the Federal Circuit.

Section 102 also amends section 44(c) of title 28, United States Code, by requiring any circuit judge of the Federal Judicial Circuit appointed after October 1, 1982 (the effective date of the Act) and the chief judge of the Federal Judicial Circuit to reside within fifty miles of the District of Columbia. This, with the exception of the chief judge, the residency requirements of this section do not apply to any of the members of the two courts to be merged by this legislation. Any of these judges can reside outside of a fifty-mile radius from Washington, D.C.

Section 103—Panels of Judges; Numbers of Judges for Hearings

Current section 46(b) of title 28, United States Code, authorizes the courts of appeals to decide cases in separate panels, each consisting of three judges. Section 103 of the bill amends the first sentence of this subsection to permit the United States Court of Appeals for the Federal circuit to determine the size of the panels in which it sits—with the provision, however, that panels cannot consist of less than three judges. This will permit—and indeed encourage—the court, for example, to establish five or more member panels for complex or important issues, and three-member panels to review more routine matters.

The jurisdiction of the Court of Appeals for the Federal Circuit will involve an unusual number of complex cases in which current

[33] One amendment was unanimously approved by the full committee. Offered by Mr. Railsback, on behalf of the Administration, the amendment limited the ability of the new Claims Court to order injunctive and declaratory relief to contract actions prior to award.

law is not uniform or is inconsistently applied. The purpose of this section is to permit the court to sit as panels of more than three judges—but as less than a full en banc court—for cases in which authoritativeness of decision and doctrinal stability would be enhanced by the use of a larger panel.

Section 103 further amends the first sentence of subsection 46(b) by requiring the new court to determine by rule a procedure for the rotation of judges from panel to panel to ensure that all the judges sit on a representative cross section of the cases heard.

Several witnesses before the Committee expressed fears that the Court of Appeals for the Federal Circuit would be unduly specialized or would soon be captured by specialized interests.[34] This provision should reduce these fears by ensuring that all the judges sit on a representative sampling of all the cases heard. It will, in short, prohibit judges with a patent law expertise from sitting on a disproportionate number of patent cases.

Section 103 also contains technical amendments providing for the consistent usage of the term "panel" throughout 28 U.S.C. 46.

Finally, section 103 amends section 46(c) of title 28 of the United States Code to exempt the United States Court of Appeals for the Federal Circuit from the provision in existing law that a panel shall consist of three judges unless a hearing or rehearing en banc is ordered. This completes the special structure for complex cases initiated in Section 103.

Section 104—Places of Holding Court

Section 104 generally recodifies section 48 of title 28 of the United States Code. It also authorize the United States Court of Appeals for the Federal Circuit to hold annual sessions, as determined by rule of court, at any of the listed places in which other courts of appeals hold annual sessions. For purposes of administration, the location of the court is designated as Washington, D.C.

However, as is the case with the regional courts of appeals, the United States Court of Appeals for the Federal Circuit is authorized to hold annual sessions at other places within its jurisdiction (which is nationwide) as designated by rule of court. It is the view of the Committee that the new court will pay careful attention to costs of litigation and needs of litigants and their counsel in deciding where and when to hold special sessions of court. That is, the times and places of the sessions of the new court will be prescribed with a view to securing reasonable opportunity to citizens to appear before the court with as little inconvenience and expense as is practicable. This section should be read in conjunction with section 117 of the proposed legislation, which allows the Court of Appeals for the Federal Circuit to forward its budget requests directly to Congress. It is the view of the committee that these two propositions—increased nationwide travel responsibilities and augmented budget autonomy—go hand-in-hand. Stated in a slightly different manner, the new court may experience initial budget pressures that differ slightly from the other circuit courts. In this regard, the committee notes that the future Chief Judge of the Court of Appeals for the Federal Circuit stated in the hearing

[34] See, e.g., House Hearings on Industrial Innovation, *supra* note 11, at 173, 183 (statement of John Stedman); House Hearings on the Court of Appeals for the Federal Circuit, *supra* note 12, at 69 (statement of James W. Geriak).

record that he is aware of the new court's nationwide responsibilities to provide appellate access to justice to the dispersed sections of this country. Assuming an adequate caseload arising from a particular place or region, the Chief Judge stated that he and his court will make diligent efforts to satisfy the court's nationwide travel mandate.[38]

Section 105—Organization of the United States Claims Court

Under existing law, chapter 7 of title 28, United States Code, concerns judges of the Court of Claims. Section 105 of the bill comprehensively amends this chapter to apply instead to the judges of a newly constituted trial court, which will assume the functions of the trial division of the current Court of Claims. At present, the trial commissioners are much like United States magistrates and are appointed by the Court of Claims.

The amended chapter is titled "United States Claims Court", and it contains the following seven sections:

First, subsection (a) of section 171 of title 28 authorizes the President to appoint, with the advice and consent of the Senate, sixteen judges who will constitute a court of record known as the United States Claims Court. The court will be established under article I of the Constitution of the United States. Because 28 U.S.C. 2509 of existing law gives the trial judges of the Court of Claims jurisdiction to hear Congressional reference cases, which are not "cases and controversies" in the constitutional sense, and because the cases heard by the Claims Court are in many ways essentially similar to the limited jurisdiction cases considered by the Tax Court, judges of the Claims Court are made article I judges rather article III judges.

Subsection (b) of section 171 of title 28 provides that the President shall designate one of the judges to serve as chief judge. This individual shall serve until the age of seventy and until a successor judge is designated to be chief judge.

Second, section 172 of title 28 fixes the tenure of the judges of the United States Claims Court at a term of fifteen years. The section also sets the salary at an annual rate determined under the Federal Salary Act of 1967. This bill neither raises nor lowers existing salaries.

Third, section 173 of title 28 authorizes the Claims Court to hold court anywhere within the jurisdiction of the United States, but it requires the court to establish the times and places of its sessions with a view toward minimizing inconvenience and expense to citizens. This latter provision is similar to the statutory requirement that the United States Tax Court set the times and places of its sessions in such a way as to expedite citizen access. *See* 26 U.S.C. 7446.

Fourth, section 174 of title 28 permits the judicial power of the Claims Court to be exercised by a single judge and requires the decisions of the Claims Court to be preserved and open for inspection. These provisions are identical to requirements governing the Court of International Trade. *See* 28 U.S.C. 254, 257. It is the view of the Committee that the Claims Court should take steps to prepare for the publication of the Court's decisions.

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[38] House Hearings on the Court of Appeals for the Federal Circuit, *Supra* note 13, at 41, 42, 156.

Fifth, section 175 of title 28 authorizes judges of the Claims Court to receive travel expenses and a per diem allowance while traveling on duty, subject to the limitations in amount that are applicable to the United States Court of International Trade. *See* 26 U.S.C. 7443(d).

Sixth, section 176 authorizes the Court of Appeals for the Federal Circuit—acting through a majority of its judges, after notice and opportunity for a hearing on the charges—to remove a judge of the Claims Court from office for incompetency, misconduct, neglect of duty, engaging in the practice of law, or physical or mental disability. This section should be read in conjunction with legislation passed by the 96th Congress to provide for the removal from office of bankruptcy judges and magistrates, as well as the discipline—short of removal—of lifetime tenured federal judges. *See* Public Law 96-458, 96th Cong., 2d Sess. (1980).

Seventh, section 177 provides that a judge removed from office in this manner may not later practice law before the Claims Court. These provisions of sections 176 and 177 parallel similar sections in the statute governing the Tax Court. *See* 26 U.S.C. 7443(f), (g).

Section 106—Repeal of Provisions Relating to the Court of Customs and Patent Appeals

Under existing law, chapter 9 of title 28, United States Code, concerns the Court of Customs and Patent Appeals (CCPA). As provided in this bill, the judges and functions of the CCPA are transferred to the United States Court of Appeals for the Federal Circuit. The provisions of chapter 9 of title 28 will be no longer necessary since similar provisions found in chapter 3 of title 28 are applicable to the new court. Section 106 of the bill therefore repeals in its entirety chapter 9 of title 28.

Section 107—Interlocutory Appeals from Certain Orders

Under present law, section 256(b) of title 28, United States Code, permits the chief judge of the Court of International Trade to issue an order authorizing a judge of the court to preside in an evidentiary hearing in a foreign country. The subsection also permits an interlocutory appeal to be taken from such an order, subject to the discretion of the Court of Customs and Patent Appeals. Section 108 conforms this section to the provisions of the bill. It merely provides that the United States Court of Appeals for the Federal Circuit may, in its discretion, consider an interlocutory appeal from such an order.

Section 108—Assignment of Judges

Section 108 makes three changes in present law that relate to the assignment of judges. First, under existing law, section 291(b) of title 28, United States Code, authorizes the Chief Justice of the United States to designate and assign temporarily any circuit judge to serve as a judge of the Court of Claims or the Court of Customs and Patent Appeals, if the need arises. Because the bill transfers the judges and functions of these courts to the United States Court of Appeals for the Federal Circuit and the United States Claims Court, section 108 deletes existing subsection (b) as being no longer necessary. Also since the Court of Appeals for the Federal Circuit will be in all respects a United States court of appeals, the Chief

Justice is implicitly authorized under section 291(a) to designate a judge of that court to sit temporarily as a circuit judge in another circuit, or to assign temporarily a judge of another circuit to the Court of Appeals for the Federal Circuit.

The second change in this section is to section 292(e) of title 28, United States Code, which currently authorizes the Chief Justice of the United States to designate and assign temporarily any district judge to serve as a judge of the Court of Claims, the Court of Customs and Patent Appeals, or the Court of International Trade. By striking reference to the Court of Claims and the Court of Customs and Patent Appeals, section 108 merely conforms this section to the other changes made by the bill.

Last, Section 293 of title 28, United States Code, currently provides for temporary assignment of a judge from the Court of Claims to the Court of Customs and Patent Appeals or vice versa, from the Court of Customs and Patent Appeals to the Court of International Trade or vice versa, and from the Court of International Trade to a district court. Section 108 of the bill amends this section by deleting unnecessary subsections (a), (c), and (d) which deal with the interchange of judges between the Court of Claims and the Court of Customs and Patent Appeals and between the Court of International Trade and the Court of Customs and Patent Appeals. The bill retains the provisions of subsection (b), which permit the temporary assignment of judges of the Court of International Trade to a district court or circuit court, and subsection (e) (which will become effective on April 1, 1984) which provides for temporary assignment of bankruptcy judges.

Section 109—Judicial Conference

Section 109 conforms section 331 of title 28, United States Code, which deals with the Judicial Conference of the United States, by deleting references to the Court of Claims and the Court of Customs and Patent Appeals. The Court of Appeals for the Federal Circuit is, for the most part, structurally similar to the regional courts of appeals,[36] and thus it would become a part of the Judicial Conference. The Claims Court—as an Article I court—will not at this time have representation on the Judicial Conference. This measure, with the exception of bankruptcy courts, coincides with current law concerning Article I judges.

Section 110—Retirement

Section 372 of title 28, United States Code, concerns retirement of judges for disability, appointment of a substitute judge upon failure of a disabled judge to retire and judical discipline. Section 110 of the bill amends sections 372 (a) and (b) by deleting all references to the Court of Claims and the Court of Customs and

[36] There is at least one major difference between the Court of Appeals for the Federal Circuit and the other circuit courts of appeals. Due to the fact that the Federal Circuit will not have any member district judges—not to mention bankruptcy judges and magistrates—the legislation does not equip the new circuit with a judicial council. A specific amendment to section 332 of title 28, United States Code, would have been necessary to accomplish this end. This intentionally was not done. Further, since the power to appoint circuit executives resides in the judicial councils of the circuits, the new Court of Appeals for the Federal Circuit will not be able to appoint a circuit executive. It is the view of the Committee that the new court—with substantially less administrative burdens and less personnel—will be able to function quite well without a circuit executive.

Patent Appeals. The new appellate court is covered by the retained language.

Retirement provisions for Claims Court trial judges are not set forth in the proposed legislation. Existing law shall continue to apply; and resolution of the issue whether retirement benefits should be increased will await a future date.

By deleting reference to the Court of Claims and the Court of Customs and Patent Appeals in section 372(c)(17) and by inserting Claims Court and Court to Appeals for the Federal Circuit, section 110 conforms legislation passed by the 96th Congress to provide for the discipline of federal judges. *See* Public Law 96–458, 96th Cong., 2d Sess. (1980). The two courts created by this legislation must prescribe rules establishing procedures for the filing of complaints with respect to the conduct of any judge of such court and for the investigation and resolution of such complaints. In investigating and taking action with respect to any complaint, each such court shall have the powers granted a judicial council pursuant to applicable law.

Section 111—Repeal; Distribution of Court of Claims Decisions

Section 111 of the bill repeals Section 415 of title 28, United States Code, which is no longer necessary, Section 415 concerns distribution of copies of Court of Claims decisions. The analysis at the beginning of chapter 19 of title 28, United States Code, is amended to conform with the changes made.

Section 112—Definitions

Section 112 amends section 451 of title 28, United States Code, which defines certain terms in title 28, by deleting all references to the Court of Claims and the Court of Customs and Patent Appeals. The retained language would cover the Court of Appeals for the Federal Circuit but not the article I Claims Court.

Section 113—Traveling Expenses

Section 113 conforms section 456 of title 28, United States Code (including that paragraph as it will become effective on April 1, 1984), which concerns travel expenses of justices and judges, by deleting references to the Court of Claims and the Court of Customs and Patent Appeals and substituting a reference to the United States Court of Appeals for the Federal Circuit Judges of the Claims Court would receive travel expenses under Section 175 of title 28, United States Code sets forth the official duty station of Claims Court Judges. Section 456 would apply to Claims Court Judges by virtue of new section 460 (see section 114 of the bill).

Section 114—Application of Certain Provisions to the United States Claims Court

Section 114 of the bill makes sections 452 through 459 of title 28, United States Code, applicable to the United States Claims Court. These sections deal with general matters and provide that courts shall be deemed always open for certain procedural purposes; judges must take a prescribed oath before performing the duties of office; judges are prohibited from engaging in the practice of law; judges may be disqualified from participation in a proceeding in certain circumstances; judges shall be eligible for certain traveling

expenses; records of the courts must be kept in a prescribed manner; relatives of a judge are ineligible for appointment to any office in the court in which the relative is judge; and judges may administer oaths.

Section 114 also amends the analysis at the beginning of chapter 21 of title 28, United States Code, by adding: "46. Application to other courts."

Section 115—Interests of the United States in Certain Actions

Under existing law, suits in the Supreme Court and the Court of Claims are conducted and argued by the Attorney General and the Solicitor General, unless in a particular case the Attorney General directs otherwise, *See* 28 U.S.C. 518(a). Section 115 of the bill amends section 518(a) of title 28, United States Code basically by deleting the reference to the Court of Claims and providing for argument by the Attorney General and Solicitor General in suits against the United States in the United States Court of Appeals for the Federal Circuit or in the United States Claims Court, unless the Attorney General directs otherwise.

Section 116—Transmission of Petitions in Suits Against the United States

Under current law, section 520 of title 28, United States Code, concerns transmission of copies of petitions in suits against the United States in the Court of Claims to the affected government department or agency by the Attorney General. Section 116 of the bill amends this section essentially by deleting references to the Court of Claims and subsituting a reference to suits against the United States in the United States Claims Court or in the United States Court of Appeals for the Federal Circuit. Section 116 amends the section heading of section 520 of title 28 to reflect this change.

Section 116 also amends the item relating to section 520 in the analysis at the beginning of chapter 31 of title 28, United States Code.

Section 117—Budget Estimates

Section 605 of title 28, United States Code, provides that the Director of the Administrative Office of the United States Courts shall submit to the Office of Management and Budget estimates of the expenditures and appropriations necessary for the maintenance and operation of the courts. All such estimates are to be first approved by the Judicial Conference of the United States, except that the estimate with respect to the Court of International Trade, is to be approved by that court. Section 117 inserts a reference to the United States Court of Appeals for the Federal Circuit, thereby providing that the estimate for that court is to be approved by the court itself. This follows the pattern established for courts of nationwide jurisdiction (such as the Court of International Trade and the United States Supreme Court).

Section 118—Definition of Courts

Section 118 conforms section 610 of title 28, United States Code, which defines "courts" for purposes of chapter 41 of title 28 concerning the Administrative Office of the United States Courts, by deleting references to the Court of Claims and the Court of Cus-

toms and Patent Appeals. The section inserts a reference to the United States Claims Court, thereby providing, among other things, that the budget of the Claims Court will be handled by the Administrative Office.

Section 119—Technical Assistants

Chapter 17 of title 28, United States Code, provides for the appointment of employees for the United States courts of appeals.

Section 119 of the bill authorizes the Court of Appeals for the Federal Circuit to appoint technical assistants. The purpose of the provision is to authorize the employment of lawyers who have technical degrees and experience in a scientific or engineering field or in patent law in addition to their legal training. The present Court of Customs and Patent Appeals has made use of such technical advisers for many years. The service of these advisers is identical to that of law clerk, except that they confer with the judges on technical as well as legal matters.

It is important to understand and appreciate the fundamental difference between the use of technical advisers by the Court of Customs and Patent Appeals judges in the ex parte appeals from the Patent and Trademark Office which they now consider and a similar type of help for judges who are called upon to resolve technical issues in adversary patent infringement cases of the kind that will now be heard by the Court of Appeals for the Federal Circuit.

The use of the technical advisers in the Patent and Trademark Office ex parte appeals is probably necessary, as the judges need help in reviewing and assessing arguments and technical points made by the applicant for patent and the Patent and Trademark Office examiners. This is so because in many of the appeals presently heard by the Court of Customs and Patent Appeals, and especially in chemical and electronics cases, there is sharp disagreement between the applicant and the examiner regarding the technical subject matter involved and the disclosures of the application in issue and of the patents or publications relied on by the examiner in rejecting the application. Obviously, the judges need the assistance of the advisers in resolving these disputes as to the technical aspects of the appeal.

However, to use these advisers in adversary patent infringement cases and have them review and assess the technical aspects of the evidence, as developed by the sworn testimony of witnesses and as covered by the findings of fact entered by the trial judge, is quite a different matter. It is well established that factual issues in a patent case must be tried and decided by the trial judge or a jury in precisely the same manner as such issues are tried in any other kind of a lawsuit. The technical aspects of a patent case are factual issues, and patent cases are reviewed in the circuit courts of appeals in the same manner as with other appeals.

Thus, it is the settled practice of the circuit courts of appeals in patent cases to honor and respect Rule 52(a) F.R.Civ.P., which provides that findings of fact may not be set aside unless clearly erroneous, giving due regard to the opportunity of the trial court to judge the credibility of witnesses. The circuit courts have repeatedly held that it is not their function to pass upon or consider de novo the evidence received at the trial or to weigh controverted

evidence. For example, in *Hazeltine Research* v. *Admiral Corp.*, 183 F. 2d 953 (7th Cir. 1950), the court condemned the practice of briefing and arguing patent appeals in nisi prius proceedings and emphasized that its function "on review is no different than in any other kind of case." Where a case might have gone either way, the Seventh Circuit has said it will not ignore the entered findings and that it is not its function to make an independent analysis and determination of the factual issues is controversy. *O'Brien* v. *O'Brien*, F.2d 254, 255 (7th Cir. 1953)

It should be recognized that technical advisers will not be subject to cross-examination, as are experts called by the parties in an infringement action, and there will be no record of the process by which they evaluate and assess the technical aspects of the evidence covered by the trial court's findings or the jury's verdict. Litigants are entitled to know what their record is and that that record is the record made in the trial court. As was stated by the Supreme Court in *Goldberg* v. *Kelly*, U.S. 254, 269 (1969).

> where important decisions turn on questions of fact, due process requires an opportunity to confront and cross-examine adverse witnesses.

Thus, while the current standard of review of and practices with respect to ex parte appeals from the Patent and Trademark Office are to be continued by the Court of Appeals for the Federal Circuit, it is the desire of the committee that the judges be sensitive to these due process considerations in their employment of technical advisers when reviewing adversary patent infringement cases.

Section 120—Officers and Employees of the United States Claims Court

Under existing law, chapter 51 of title 28, United States Code, concerns Court of Claims staff and reporting procedures. Section 120 of the bill amends chapter 51 to establish staff and reporting procedures for the United States Claims Court. The proposed legislation redrafts chapter 51 to provide the following:

First, section 791 of title 28 would authorize the Claims Court to appoint a clerk. The clerk, with the approval of the court, may appoint necessary deputies and employees in such numbers as may be approved by the Director of the Administrative office of the United States courts. All such employees—including the clerk—would be subject to removal by the court.

Second, section 792 of existing law relates to the appointment of commissioners for the United States Court of Claims. As these commissioners would become judges of the United States Claims Court, section 792 is repealed.

Third, section 794 of title 28 would authorize the judges of the Claims Court to appoint necessary law clerks, in such numbers as the Judicial Conference of the United States may approve, subject to any aggregate salary ceilings imposed by law. This provision is similar to section 752 of title 28 which concerns law clerks and secretaries for district court judges.

Fourth, section 795 of title 28 concerns the appointment and duties of baliffs and messengers for the Claims Court and is similar to existing law concerning the Court of Claims.

Fifth, section 796, relating to the reporting of court proceedings, is amended to make its provisions apply to the Claims Court.

Sixth, section 797, relating to the recall of retired Court of Claims Commissioners is amended to allow the recall of retired Claims Court judges. Any such recalled judge shall be known as a senior Claims Court judge. Decisions pertaining to recall shall be made by the chief judge of the Claims Court. It is the view of the Committee that recalled senior judges will provide as important and useful a role as senior Article III judges.

Section 121—Abolition of United States Court of Customs and Patent Appeals

Section 121 of the bill accomplishes three objectives. It repeals chapter 53 of title 28 which, under existing law, concerns appointment and duties of employees of the Court of Customs and Patent Appeals. This is a conforming amendment.

Second, section 121 amends section 957 of title 28, United States Code which provides that certain employees of the district court are not eligible for certain offices in the court's administrative structure. The amendment deletes subsection (b), which concerns the clerk or assistant clerks of the Court of Customs and Patent Appeals, and by striking subsection designation "(a)".

Third, section 121 of the proposed legislation repeals sections 1255 and 1256 of title 28, United States Code, which under existing law provide for Supreme Court review of cases in the Court of Claims and the Court of Customs and Patent Appeals. These sections are no longer necessary. Review of cases in the new appellate court is covered by 28 U.S.C. 1254, which establishes procedures for Supreme Court review of cases in the circuit courts of appeals.

Section 122—Courts of Appeals Jurisdiction

Section 122 amends section 1291 of title 28, United States Code, to expressly limit the jurisdiction of the Court of Appeals for the Federal Circuit to that contained in the statutory text. This section makes it perfectly clear that the new court is a court of limited jurisdiction.

Section 123—Interlocutory Decisions

Section 1292 of title 28, United States Code, currently gives the regional courts of appeals jurisdiction of interlocutory orders of the district courts concerning injunctions and of judgments in civil actions for patent infringement which are final except for an accounting. Section 123 of the bill amends this section to give the Court of Appeals for the Federal Circuit jurisdiction of interlocutory appeals in cases that will otherwise come to it on appeal. Section 123 also gives the Court of Appeals for the Federal Circuit jurisdiction of appeals from certain interlocutory orders of the United States Court of International Trade that currently go to the Court of Customs and Patent Appeals, pursuant to section 1541 of title 28, United States Code. Section 123 further gives the new court interlocutory order jurisdiction, under certain conditions, from the United States Claims Court.

Section 124—Circuits in Which Decisions are Reviewable

Section 1294 of title 28, United States Code, sets forth the regional courts of appeals to which appeals from reviewable decisions of the district and territorial courts are to be taken. Section 124 of the

bill amends this section by providing an exception from these provisions for the cases covered by new sections 1292(c), 1292(d) and 1295 of chapter 83, dealing with the jurisdiction of the Court of Appeals for the Federal Circuit, discussed below; those cases will be assigned exclusively to the Court of Appeals for the Federal Circuit.

Section 125—Jurisdiction of the United States Court of Appeals for the Federal Circuit

Section 125(a) of the proposed legislation defines the exclusive jurisdiction of the United States Court of Appeals for the Federal Circuit. It does this by adding a new section 1295 to chapter 83 of title 28, United States Code. Section 125(a) also creates a mechanism which the court will use in determining the order in which civil cases are to be considered. The court, in accordance with any law applicable to priorities for hearing civil cases, must give precedence to actions in the order that the court may establish by rule. This end is achieved by adding a new section 1296 to chapter 83 of title 28, United States Code.

Before discussing the court's jurisdiction, it bears repetition here that the Federal courts are courts of limited jurisdiction. There is never a presumption in favor of jurisdiction, and the basis for that jurisdiction always must be affirmatively shown. It is not sufficient that jurisdiction merely be inferred argumentatively. *See, e.g., Hanford* v. *Davies*, 163 U.S. 273 (1986); *Thomas* v. *Board of Trustees of Ohio State Univ.*, 195 U.S. 207 (1904). This caselaw is incorporated in the Federal Rules of Civil Procedure; Rule 8(a)(1) requires that a pleading setting forth a claim for relief contain a short and plain statement of the grounds upon which the court's jurisdiction depends, unless the court already has jurisdiction and the claim needs no new grounds of jurisdiction to support it.

Jurisdiction is not an issue that ordinarily will escape a court's attention. The defendant in a civil proceeding may, at any time, assert a court's lack of jurisdiction over the subject matter. Furthermore, even though the defendant has not so moved, Rule 12(h)(3), Federal Rules of Civil Procedure, expressly provides that a court "shall dismiss the action" "whenever it appears by suggestion of the parties or otherwise that the court lacks jurisdiction of the subject matter." In other words, even if not raised by the defendant, jurisdiction is a threshold question that must be and is considered by any court.

An analysis of pertinent cases reveals that both the Court of Claims and the Court of Customs and Patent Appeals have followed these dicates. Both courts have strictly construed their own jurisdiction. They have not allowed inferential and unwarranted increases to their own respective jurisdictions. *See, e.g., Eastport S.S. Corporation* v. *United States*, 178 Ct. Cl. 559, 372 F. 2d 1002 (1967); *Somali Development Bank* v. *United States*, 705 Ct. Clt. 741, 508 F. 2d 817 (1974); *United States* v. *Boe*, 543 F. 2d 151 (C.C.P.A. 1976); and *Godtfredsen* v. *Banner*, 598 F. 2d 589 (C.C.P.A. 1979). In the rare instance that one of these courts has mistakenly construed its own jurisdictional grant, the Supreme Court has not hesitated to reverse and remand with instructions. *See, e.g., United States* v. *Testan*, 424 U.S. 392 (1976); *United States* v. *King*, 395 U.S. 1 (1969).

Fears have been expressed that the Court of Appeals for the Federal Circuit will appropriate for itself large elements of Federal law under its section 1295(a)(1) grant of jurisdiction. Opponents of the legislation, as well as several interested parties who generally support the legislation, argue that a jurisdictional grant to the new court to consider appeals from a district court when jurisdiction was based, "in whole or in part", on section 1338 of title 28 (which confers on the district courts original jurisdiction of any civil action arising under an act of Congress relating to patents, plant variety protection, copyright and trademarks) is dangerously broad. It is argued that specious and peripheral patent claims will be tied, for example, to substantial antitrust claims in order to create jurisdiction in the Court of Appeals for the Federal Circuit. The "in part" jurisdiction of the new court, to use an apt metaphor, will be a locomotive that will pull all sorts of related issues into the terminal of the court's appellate jurisdiction.

In addition to being highly speculative as to the results that this might have on substantive decisionmaking, because one has to assume that an appeal would be handled by the new court in a different manner than in the other circuits, this argument does not recognize the obvious. The statutory language in question specifically requires that the district court have jurisdiction under 28 U.S.C. § 1338. This, standing alone, is a substantial requirement. Immaterial, inferential, and frivolous allegations of patent questions will not create jurisdiction in the lower court, and therefore will not create jurisdiction in the appellate court. As stated above, it being a canon of construction that courts strictly construe their jurisdiction, and it further being the practice of trial courts to create a clear record below on jurisdictional issues, the committee is confident that the present language is not unduly broad.

Should questions legitimately arise respecting ancillary and pendent claims and for the direction of appeals in particular cases, the Committee expects the courts to establish, as they have in similar situations, jurisdictional guidelines respecting such cases. Whatever form such guidelines for particular cases may take, the proposal would continue to provide a consistent jurisprudence and a uniform body of patent law created over time by the Court of Appeals for the Federal Circuit or by its reviewing court, the Supreme Court of the United States.

Paragraph (1) of new section 1295(a) gives the Court of Appeals for the Federal Circuit jurisdiction of any appeal in which the trial court jurisdiction was based, in whole or in part, on section 1338 of title 28 (which as stated above confers on the district courts original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyright and trademarks), except that jurisdiction of an appeal in a case involving a claim arising under any Act of Congress relating to copyrights or trademarks, and no other claims under section 1338(a) will continue to go to the regional appellate courts, pursuant to section 1294 of title 28. Cases will be within the jurisdiction of the Court of Appeals for the Federal Circuit in the same sense that cases are said to "arise under" federal law for purposes of federal question jurisdiction. *Contrast, Coastal States Marketing, Inc.* v. *New England Petroleum Corp.*, 604 F.2d 179 (2d Cir., 1979).

Paragraph (2) of new section (2) 1295 gives the Court of Appeals for the Federal Circuit jurisdiction of any appeal from a trial court where the jurisdiction of the district court was based, in whole or in part, on section 1346 of title 28, United States Code, except 1346(a)(1) and (e) (tax appeals), 1346(b) (Federal Tort Claims), 1346(f) (quiet title actions), or 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue. This bill modifies section 1346 to bring all other civil cases in which the United States is a defendant under centralized appellate review. Because cases brought under the Federal Tort Claims Act frequently involve the application of state law, those appeals will continue to be brought to the regional courts of appeals.

Subsection (3) of new section 1295 gives the United States Court of Appeals for the Federal Circuit jurisdiction of any appeal from the United States Claims Court. As provided elsewhere in this bill, the jurisdiction of the Claims Court would be virtually identical to the trial jurisdiction of the existing Court of Claims, except that it would no longer have authority to handle cases brought under the Federal Tort Claims Act. Only one case under that Act has ever been filed in the Court of Claims, and that case was dismissed pursuant to 28 U.S.C. 1504 because the appellees failed to consent to the filing of the suit in the Court of Claims.

Paragraph (4) of new section 1295 gives the United States Court of Appeals for the Federal Circuit jurisdiction of appeals from decisions of the Board of Appeals and the Board of Interference Examiners of the Patent and Trademark Office as to patent applications and interferences; from decisions of the Commissioner of Patents and Trademarks as to trademark applications and proceedings; and appeals in patent and trademark cases brought in a federal district court under 35 U.S.C. 145 or 146.

Paragraph (5) of new section 1295 would transfer jurisdiction of appeals from decisions of the United States Court of International Trade to the new court. Currently, jurisdiction of such appeals is in the Court of Customs and Patent Appeals, pursuant to section 1541 of title 28, United States Code.

Paragraph (6) of new section 1295 gives the United States Court of Appeals for the Federal Circuit jurisdiction to review findings of the United States International Trade Commission as to unfair trade practices in import trade. Jurisdiction of these appeals is in the Court of Customs and Patent Appeals under existing law. *See* 28 U.S.C. 1543.

Paragraph (7) of new section 1295 gives the United States Court of Appeals for the Federal Circuit jurisdiction to review, by appeal on questions of law only, certain findings of the Secretary of Commerce. Currently, jurisdiction of these appeals is in the Court of Customs and Patent Appeals, pursuant to section 1544 of title 28, United States Code.

Paragraph (8) of new section 1295 gives the Court of Appeals for the Federal Circuit jurisdiction of appeals under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461). Under existing law, the Court of Customs and Patent Appeals has jurisdiction of these appeals, pursuant to section 1545 of title 28, United States Code.

Paragraph (9) of new section 1295 gives the Court of Appeals for the Federal Circuit jurisdiction of any final order or final decision

of the Merit Systems Protection Board (including cases over which the Court of Claims did not have jurisdiction). Generally, jurisdiction of these appeals was in the Court of Claims or a United States Court of Appeals, pursuant to section 7703(b)(1) and 7703(d) of title 5, United States Code.

Paragraph (10) of new section 1295 gives the Court of Appeals for the Federal Circuit jurisdiction of appeals under section 8(g)(1) of the Contract Disputes Act of 1978. At present, jurisdiction of these appeals is in the United States Court of Claims. Sections 1295 (b) and (c) carry forward the provisions of the Contract Disputes Act of 1978 necessary to conform to this change.

Subsection (b) of section 125 of the bill amends the section analysis of chapter 83 of title 28, by adding the items relating to new sections 1295 and 1296.

Section 126—United States Claims Court Jurisdiction and Venue

Section 126 of the bill achieves six objectives relating to the newly created claims court's jurisdiction and venue. First, section 1336(b) of title 28, United States Code, which concerns reference of a question or issue from a court to the Interstate Commerce Commission, is conformed by deleting a reference.

The new section 1491(a) does give the new Claims Court the augmented power to grant declaratory judgments and give equitable relief in contract actions prior to award. This enlarged authority is exclusive of the Board of Contract Appeals and not to the exclusion of the district courts. It is not the intent of the Committee to change existing caselaw as to the ability of parties to proceed in the district court pursuant to the provisions of the Administrative Procedure Act in instances of illegal agency action. *See, e.g., Scanwell Laboratories, Inc.*, v. *Shaffer*, 424 F.2d 859 (D.C. Cir. 1970). Nor is it the intent of the Committee to oblige lawyers, litigants, and possibly witnesses to travel to Washington, D.C., whenever equitable relief is sought in a contact action prior to award. Although Claims Court judges will travel, they cannot be expected to do so at extremely short notice. Therefore, for the time being, the Committee is satisifed by clothing the Claims Court with enlarged equitable powers not to the exclusion of the district courts. The dual questions of whether these powers should even be broader and of whether they should be exclusive of the district courts will have to wait for a later date.

Since the funds which the Government utilizes to purchase goods and services are derived solely from public sources, the public has strong interest in the ability of the Government to fulfill its requirements in these areas at the lowest possible cost. Accordingly, in the very vast majority of circumstances, the Government must be permitted to exercise its right to conduct business with those suppliers it selects and to do so in an expeditious manner. Yet, at the same time the Government must respect the rule of law. If it deviates from that norm it must be accountable for its actions in the courts, which are equipped with certain powers to redress proven wrongs. Hopefully, by modestly increasing the powers of the Claims Court, the needs of a cost-effective government contract system and of a lawful government contract system will both be met.

By conferring jurisdiction upon the Claims Court to award injunctive relief in the pre-award stage of the procurement process, the Committee does not intend to alter the current state of the substantive law in this area. Moreover, the Committee expects that the court will utilize the authority conferred upon it by this section only in truly extraordinary circumstances, as is required for the granting of equitable relief in all cases. The Committee intends the court to take great care not delay or prevent the award of contracts for goods or services which relate to the national defense and security.

In addition to the granting of equitable relief powers, the proposed chapter 91 provides the following.

First, section 1491 of title 28 gives the Claims Court jurisdiction to render judgment upon claims against the United States generally; the court does not, however, have jurisdiction of civil actions within the exclusive jurisdiction of the Court of International Trade and of suits against, or founded on actions of, the Tennessee Valley Authority.

Second, under existing law, section 1346 of title 28, United States Code, gives the district courts original jurisdiction, concurrent with the Court of Claims, of civil tax refund cases and of other civil actions or claims against the United States, under $10,000 in amount, and founded on the Constitution, an Act of Congress, a regulation of an executive department, an express or an implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. Section 126 of the bill, continues this concurrent jurisdiction but changes the reference to the Court of Claims to a reference to the United States Claims Court.

Third, section 1398(b) of title 28 under current law provides that a civil action to enforce, enjoin, or suspend an order of the Interstate Commerce Commission made pursuant to a referral of a question or issue by a district court or the Court of Claims must be brought in the court which referred the question or issue. Section 126 of the bill conforms this subsection by deleting the reference to the Court of Claims and substituting a reference to the Claims Court.

Fourth, section 126 of the bill amends section 1402(a) of title 28, United States Code, to make it clear that district courts do not have exclusive venue over cases brought under section 1346(a). Current law gives the Court of Claims and the district courts jurisdiction of those cases, but the law does not explicitly state that venue of cases brought against the United States under 28 U.S.C. 1346(a) is proper in both the Court of Claims and the district courts. The amendment simply makes clear the procedure that is implied under current law.

Fifth, section 1406(c) of title 28, United States Code, provides that if a case within the exclusive jurisdiction of the Court of Claims is filed in a district court, the district court shall transfer the case to the Court of Claims. Section 126 of the bill amends this provision by removing references in the section to the Court of Claims and substituting references to the Claims Court, thereby permitting similar transfers from the district courts to the newly constituted trial court.

Last, section 126 of the bill amends chapter 91 of title 28, United States Code, to establish the jurisdiction of the United States Claims Court. Under existing law, this chapter sets forth the jurisdiction of the Court of Claims. With the one exception noted below, Claims Court jurisdiction is identical to Court of Claims jurisdiction.

Second, section 1492 of title 28 gives the Claims Court jurisdiction of Congressional reference cases.

Third, section 1494 of title 28 gives the Claims Court jurisdiction to determine the amount, if any, due to or from the United States on unsettled accounts of officers, agents or contractors.

Fourth, section 1495 of title 28 gives the Claims Court jurisdiction to decide claims for damages for unjust conviction and imprisonment.

Fifth, section 1496 of title 28 gives the Claims Court jurisdiction to render judgment on disbursing officers' claims.

Sixth, section 1497 of title 28 gives the Claims Court jurisdiction to render judgment on claims for damages to oyster growers from congressionally authorized dredging operations.

Seventh, section 1498 of title 28 gives the Claims Court jurisdiction to determine cases in which the United States is the ultimate user or beneficiary of a product or process or work that allegedly has infringed the rights of an owner of a patented invention or a copyrighted work.

Eighth, section 1499 of title 28 gives the Claims Court jurisdiction to render judgment on claims for liquidated damages withheld from contractors under the Contract Work Hours Standards Act.

Ninth, under sections 1500, 1501, and 1502 of title 28, the Claims Court does not have jurisdiction of the following: Any claims in which the plaintiff or plaintiff's assignee had a claim against the United States pending in any other court; any claim for a pension; and any claim against the United States growing out of or dependent on any treaty with foreign nations. These provisions are identical to existing law.

Tenth, section 1503 of title 28 gives the Claims Court jurisdiction to render judgment on any set-off or demand by the United States against a plaintiff before the court.

Eleventh, section 1505 of title 28 gives the Claims Court jurisdiction to render judgment on Indian claims against the United States.

Twelfth, section 1506 of title 28 permits the transfer to the district courts of cases improperly filed in the Claims Court for the purpose of curing a defect of jurisdiction.

Thirteenth, section 1507 of title 28 gives the Claims Court jurisdiction of certain declaratory judgments relating to the status and classification of organizations under section 501(c)(3) of the Internal Revenue Code of 1954.

Finally, one provision of existing law has not been included in amended chapter 91. Under current section 1504 of title 28, United States Code, the Court of Claims has jurisdiction to review Federal Tort Claims Act cases with the consent of both parties. According to the Administrative Office of the United States Courts, the only such appeal ever filed was summarily dismissed because the appellee had not consented to have the appeal heard in the Court of Claims. Section 1504 was therefore omitted because it is moribund.

Section 127—Repeal of Provisions Relating to the Court of Customs and Patent Appeals

Under existing law, chapter 93 of title 28, United States Code, establishes the jurisdiction of the Court of Customs and Patent Appeals. Because these functions are being transferred to the United States Court of Appeals for the Federal Circuit, section 127 of the bill repeals chapter 93 of title 28 and amends the analysis at the beginning of Part IV of title 28 so that it is conformed accordingly.

Section 128—Fees and Costs

Section 128 of the bill amends section 1926 of title 28, United States Code, to allow the Judicial Conference of the United States to prescribe from time to time the fees and costs to be charged and collected in the United States Claims Court. The court may only collect such fees and costs as are prescribed by the Conference, but the court may by rule require the payment of fees in advance. Section 128 also makes a conforming change to the section analysis at the beginning of chapter 123 of title 28 is conformed accordingly.

Section 129—Repeal: Time for Appeal

Section 129 of the bill repeals section 2110 of title 28, United States Code, which deals with the time for appeal to the Court of Claims in tort claims cases, because of the ommission from amended chapter 91 of current section 1504 of title 28. The analysis at the beginning of chapter 133 of title 28 is amended to reflect this repeal.

Section 130—Court of Appeals Jurisdiction

Section 130 of the bill amends section 2342 of title 28, United States Code, to limit the jurisdiction of the Court of Appeals for the Federal Circuit to such matters as are otherwise set forth in the bill and otherwise conforms section 2342 to the changes made by the proposed legislation.

Section 131—Plant Variety Protection Office Decisions

Section 131 repeals 28 U.S.C. 2353 (which gives all Courts of Appeals jurisdiction over appeals of decisions of the Plant Variety Protection Office) since jurisdiction over such appeals is, under the bill, vested exclusively in the Court of Appeals for the Federal Circuit.

Section 132—United States Claims Court Procedure

Under existing law, chapter 165 of title 28 establishes procedures for the Court of Claims, Section 132 amends this chapter to make the provisions applicable to the United States Claims Court. With the exception of allowing the Claims Court judges to enter judgment, of technical changes made to convert the name of the court from the Court of Claims to the Claims Court, and of elimination of references to the trial commissioners of the Court of Claims, and with the exception of conforming changes, these provisions are essentially identical to existing law.

Section 133—Repeal of Provisions Relating to the Court of Customs and Patent Appeals

Section 133 of the bill repeals chapter 167 of title 28, United States Code, which under existing law establishes procedures for the Court of Customs and Patent Appeals. The repeal of this chapter will require certain changes in the procedure of taking an appeal from decisions of the Court of International Trade. Under current practice, pursuant to section 2601 of chapter 167 of title 28, an appeal is made by filing a notice of appeal in the Court of Customs and Patent Appeals. On the other hand, appeal from a decision of a district court is made by filing a notice of appeal with the clerk of the district court. In the future, appeals from a decision of the Court of International Trade will likewise be taken by filing a notice of appeal with the clerk of the Court of International Trade. The clerk of the Court of International Trade will then be required to transmit to the United States Court of Appeals for the Federal Circuit the record of the case and evidence taken, together with either the findings of fact and the conclusions of law or the opinion.

Section 134—Appeals from Court of International Trade

Under existing law, section 2645(c) of title 28, United States Code, states that decisions of the Court of International Trade are to be appealed to the Court of Customs and Patent Appeals within the time and in the manner prescribed by section 2601 of title 28, which deals with procedures in the Court of Customs and Patent Appeals. Section 134 of the bill amends section 2645(c) of title 28 to provide that appeal of a decision of the Court of International Trade is to be made to the United States Court of Appeals for the Federal Circuit by filing a notice of appeal with the clerk of the Court of International Trade within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts.

Section 135—Federal Rules of Evidence

Section 135 conforms the Federal Rules of Evidence to refer to the Claims Court.

TITLE II—CONFORMING AMENDMENTS OUTSIDE OF TITLE 28

Section 201—Amendment Conforming Judicial Salary Provisions

Section 201 amends section 356(c) of title 2, United States Code, which concerns salaries for judges under the Federal Salary Act of 1967, by including the judges of the United States Claims Court within the provisions of that subsection.

Sections 202 through 210, 217 through 222—Technical and Conforming Amendments

Sections 202 through 210 and 217 through 222 of the bill amend sections of the United States Code outside of title 28 by changing references to the Court of Claims or the Court of Customs and Patent Appeals or the courts of appeals of the United States to references to the United States Claims Court or the United States Court of Appeals for the Federal Circuit, whichever is appropriate in a specific context, or by deleting references to the Court of

Claims, the Court of Customs and Patent Appeals, or the trial commissioners or chief judge of the Court of Claims, where that is appropriate. Among other things, these amendments make clear that cases coming previously to the former Indian Claims Commission will be heard by the Claims Court, in accord with recent Congressional action.

Section 211—Amendment Conforming Section 7456(c) of the Internal Revenue Code of 1954

Section 7456(c) of the Internal Revenue Code of 1954 (26 U.S.C. 7456(c)) under existing law provides that commissioners of the Tax Court receive the same compensation and travel and subsistence allowances as that provided by law for commissioners of the Court of Claims. Because the position of commissioner of the Court of Claims will no longer exist after enactment of this bill, section 211 amends section 7456(c) of the Internal Revenue Code of 1954 to provide that each Tax Court commissioner receive pay at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351-361), as adjusted, and be reimbursed for all necessary traveling expenses as provided by the Travel Expense Act of 1949.

Section 211 further provides that notwithstanding the preceding, until such time as a change in the salary rate of a commissioner of the United States Tax Court occurs in accordance with section 7456(c) of the Internal Revenue Code of 1954, the salary of such commissioner shall be equal to the salary of a commissioner of the Court of Claims. This is a transitional provision.

Section 212—Amendment Conforming Section 7482(a) of the Internal Revenue Act of 1954

Section 212 of the bill conforms the provisions of section 7482(a) of the Internal Revenue Code of 1954 to reflect that the Court of Appeals for the Federal Circuit will not have exclusive jurisdiction to review the decisions of the United States Tax Court.

Section 213—Amendment Conforming Section 1302 of the Act of July 27, 1956

Section 213 of the bill conforms section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a) by changing to United States Claims Court a reference to Court of Claims and by striking out the reference to subsection 2516(b) of title 28, United States Code, which was repealed by any earlier provision in this bill.

Section 214—Amendment Conforming Section 8(g)(1) of the Contract Disputes Act of 1978

Section 214 of the bill conforms the provisions of section 8(g)(1) of the Contract Disputes Act of 1978 to reflect the transfer of jurisdiction from the Court of Claims to the Court of Appeals for the Federal Circuit otherwise made by the proposed legislation.

Section 215—Amendment Conforming Section 10(c) of the Contract Disputes Act of 1978

Section 215 conforms section 10(c) of the Contract Disputes Act of 1978 to reflect the other changes made by the bill.

Section 216—Amendment Conforming Section 713 of Title 44

Section 713 of title 44, United States Code, concerns the printing and distribution of Journals of the Senate and House of Representatives. Under present law, eight hundred and twenty-two copies of the Journals are printed, and two copies of the Journals are distributed to the Court of Claims. Section 215 of the bill reduces the number of Journals printed to eight hundred and twenty and deletes the reference to the Court of Claims.

TITLE III—MISCELLANEOUS PROVISIONS

Section 301—Effective Date

This section provides that the bill shall take effect on October 1, 1982. This will provide time for planning the transition and for permitting the bar to become familiar with the provisions.

Section 302—Continued Service of Current Judges

As a transitional provision, section 302 provides that the judges of the United States Court of Claims and the United States Court of Customs and Patent Appeals on the effective date of the Act will continue in office as judges of the United States Court of Appeals for the Federal Circuit. Senior judges of the present Court of Claims and of the Court of Customs and Patent Appeals will be deemed for all purposes to be senior judges of the Court of Appeals for the Federal Circuit.

Section 303—Appointment of Chief Judge of Court of Appeals for the Federal Circuit

As a transitional provision, section 303 provides that the first chief judge of the United States Court of Appeals for the Federal Circuit shall be the Chief Judge of the United States Court of Claims or the Chief Judge of the United States Court of Customs and Patent Appeals, whoever has served longer as chief judge of his court. The junior chief judge is deemed senior in commission over all the other circuit judges on the merged court. After the first chief judge of the Court of Appeals for the Federal Circuit vacates that position, the chief judge will be chosen by seniority of commission, in the manner prescribed for other United States courts of appeals under section 45 of title 28, United States Code.

Section 304—Court of Claims Commissioners

Section 304 of the bill provides, as a transitional measure, that persons who, on the effective date of the Act, are serving as commissioners of the United States Court of Claims will be come judges of the United States Claims Court on October 1, 1982. These persons will serve for an initial term that shall expire on October 1, 1986, or at age seventy, whichever is earlier. It is the hope of the Committee that the President, when exercising his appointment power under this legislation, will pay great deference to the experience and commitment to government service of any Claims Court judge desiring reappointment.

Section 304 also provides that the new judges on the Claims Court will receive a salary equal to that of a commissioner on the Court of Claims.

Section 305—Appointment of judges by the President

This section indicates the sense of Congress to the President that he select for nomination to the new Courts—when vacancies occur—individuals who come from a broad range of professional expertise. This amendment does not prohibit the President from appointing a patent lawyer to the Court of Appeals for the Federal Circuit, or a government contracts lawyer to the Claims Court. It does, however, clearly send a message to the President that he should avoid undue specialilzation on both courts.

Section 306—Effect on Pending Cases

This section provides for the orderly disposition of cases pending on the effective date of the bill. The section is fairly detailed because it is the view of the Committee that ambiguities as to effect on pending cases ought to be reduced to a minimum.

Section 307—TVA Legal Representative

Section 306 provides that the proposed legislation will not change the provisions of existing law concerning the legal representation of the TVA before any court of the United States.

Oversight Findings

In regard to clause 2(l)(3) of rule XI of the Rules of the House of Representatives, the committee recognizes that oversight of the Federal judicial system and the administration of justice is the responsibility of the Committee on the Judiciary. During the 95th Congress (1st session), the committee, acting through the Subcommittee on Courts, Civil Liberties and the Administration of Justice, held seven days of hearings on the State of the Judiciary and Access to Justice. During the 96th Congress, the committee again acting through subcommittee, held seven further days of hearings on improving this country's patent law system, including the adjudication of cases in Federal court. During the 97th Congress, the subcommittee held two more days of hearings on the specific proposel to create a Court of Appeals for the Federal Circuit and a United States Claims Court.

During the 96th Congress, the committee has processed legislation directed at different exigencies in the Federal judicial system. For example, the Magistrates Act of 1979—by redefining and by increasing the case-dispositive jurisdiction of U.S. Magistrates has provided the district courts with augmented flexibility to meet the varying demands on its docket. *See* Public Law 96–82.

The "Court of Appeals for the Federal Circuit Act of 1981" is another piece in the larger puzzle of improving judicial machinery. The proposed legislation is directed at the ever-increasing problems of appellate court congestion and conflict. By merging the Court of Claims and the Court of Customs and Patent Appeals into a single appellate court with expanded jurisdiction, the proposed legislation will result in a more effective and efficient Federal appellate system. It further will result in increased fairness to litigants in the area of patents, government contracts, and international trade; and last it will do a great deal to improve industrial innovation in this country.

Finally, the proposed legislation—by creating a new Article I trial forum known as the United States Claims Court, which inherits the trial jurisdiction of the Court of Claims—will provide an upgraded and better organized trial forum for government claims cases.

In regard to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings have been submitted to the committee by the Committee on Government Operations.

New Budget Authority

In regard to clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the bill creates no new budget authority or increased tax expenditures for the Federal judiciary.

Inflation Impact Statement

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the committee feels that the bill will have no foreseeable inflationary impact on prices or costs in the operation of the national economy.

Cost Estimate

In regard to clause 7 of rule XIII of the Rules of the House of Representatives, the committee agrees with the cost estimate of the Congressional Budget Office.

Statement of the Congressional Budget Office

Pursuant to clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, and section 403 of the Congressional Budget Act of 1974, the following is the cost estimate on H.R. 4482 prepared by the Congressional Budget Office.

U.S. Congress,
Congressional Budget Office,
Washington, D.C., November 4, 1981.

Hon. Peter W. Rodino, Jr.,
Chairman, Committee on the Judiciary,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed H.R. 4482, the Court of Appeals for the Federal Circuit Act of 1981, as ordered reported by the House Committee on the Judiciary, October 14, 1981.

The bill merges the appellate division of the existing U.S. Court of Claims and the U.S. Court Customs and Patent Appeals into the U.S. Court of Appeals for the Federal Circuit. The seven judges of the Court of Claims and the five judges of the Court of Customs and Patent Appeals will be combined into a single twelve-judge court. Vacancies on this court will thereafter be filled by Presidential appointment, with Senate approval. The new court will function like other federal appellate courts except that its jurisdiction, like that of the courts it replaces, is defined in terms of subject matter, not geography.

H.R. 4482 also establishes a new article I trial court, the U.S. claims Court. This court will hear cases currently under the jurisdiction of the trial division of the U.S. Court of Claims. The new Claims Court will be composed of sixteen article I judges who will be appointed by the President, with Senate approval, for terms of fifteen years. As a transitional measure, those individuals in active service as trial commissioners of the court of Claims on the effective date of this legislation will become article I judges of the claims Court. they will serve for initial terms expiring on October 1, 1986 but will be eligible for reappointment for full fifteen-year terms. If enacted, H.R. 4482 would become effective on October 1, 1982.

According to information from the Administrative Office of the U.S. courts, the only sources of additional costs to the government are increased travel and transportation of judges and personnel changes. On the other hand, potential managerial efficiencies are expected to partially offset these higher costs. This, based on the review, it is expected that enactment of this legislation will in no significant additional cost to the government.

Sincerely,

RAYMOND C. SCHEPPACH
(For Alice M. Rivlin, Director).

COMMITTEE VOTE

H.R. 4482 was reported favorably by voice vote, with a quorum of Members being present.

JUDICIAL HOUSEKEEPING

HEARING

BEFORE THE

SUBCOMMITTEE ON COURTS, CIVIL LIBERTIES, AND THE ADMINISTRATION OF JUSTICE

OF THE

COMMITTEE ON THE JUDICIARY HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

JUDICIAL HOUSEKEEPING

MAY 4, 1978

Serial No. 67

Printed for the use of the Committee on the Judiciary

(d) On Transfer Powers of Federal Courts

(1)

April 4, 1977

The Honorable Harold Leventhal
Circuit Judge
United States Court of Appeals
Washington, D. C.

Dear Judge Leventhal:

Your concurring opinion in Investment Company Institute v. Board of Governors of the Federal Reserve System (No. 75-1822, D.C. Cir., January 14, 1977) was brought to the attention of my Subcommittee by Mr. Robert A. Anthony, Chairman of the Administrative Conference of the United States.

In Investment Company Institute you express your hope that the problem posed by litigant filings in the wrong court"... will be dealt with in the reasonable future by the enactment of a general statute permitting transfer between district courts and courts of appeals in the interest of justice...." You then suggest 18 U.S.C. §1506 as a possible solution to this problem. In addition to this suggestion, the Administrative Conference has recommended legislation to allow transfers of cases between courts of appeals. I am interested in both of these recommendations, but have several questions concerning each of them. First, how significant a problem has misfiling and double filing been for the federal courts? Second, is the problem confined to situations involving review of administrative agency actions? Third, does the lack of a general transfer statute create an unfair risk to litigants (especially individuals) who file on the federal courts? Fourth, is the Court of Claims statutory scheme the "model" that you would propose if you were a member of Congress? Fifth, has the Judicial Conference considered this problem? Finally, are there any other aspects of transfer that you would like to bring to our attention?

Thank you for your time and cooperation in this matter. If my staff can be of any assistance to you, please feel free to contact Michael Remington (225-3926).

Sincerely yours,

Robert W. Kastenmeier
Chairman, Subcommittee on Courts,
Civil Liberties, and the
Administration of Justice

RWK:mrr

Notice: This opinion is subject to formal revision before publication in the Federal Reporter or U.S. App. D.C. Reports. Users are requested to notify the Clerk of any formal errors in order that corrections may be made before the bound volumes go to press.

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 75-1822

INVESTMENT COMPANY INSTITUTE, APPELLANT

v.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, ET AL

Appeal from the United States District Court for the District of Columbia

(D.C. Civil Action 74-697)

Argued September 24, 1976

Decided January 14, 1977

G. Duane Vieth, with whom *James W. Jones* and *Leonard B. Simon* were on the brief, for appellant.

Anthony J. Steinmeyer, Attorney, Department of Justice, with whom *Rex E. Lee*, Assistant Attorney General, *Earl J. Silbert*, United States Attorney and *Ronald R. Glancz*, Attorney, Department of Justice were on the brief, for appellees.

LEVENTHAL, *Circuit Judge, concurring*: I entirely concur in Judge McGowan's excellent opinion for the court.

I take advantage of the freedom of a concurring opinion to express the hope that the core problem will be dealt with in the reasonable future by the enactment of a general statute permitting transfer between district courts and courts of appeals in the interest of justice, including specifically but not exclusively those instances when complaints are filed in what later proves to be the "wrong" court.

The Administrative Conference of the United States, by resolution adopted December 10, 1976, also entitled Judicial Review Under the Clean Air Act and Federal Water Pollution Control Act, approved a transfer recommendation, as follows:

> To prevent unfairness from a litigant's choice of the wrong court, Congress should provide for transfer between district courts and courts of appeals of petitions and complaints filed under the Acts. The Court of Claims transfer provision provides a good model.[1]

Reprinted at 41 Fed. Reg. 56767 (Dec. 30, 1976).

The ambiguities that now abound, and have sometimes led to what has been described as "jurisdictional badminton,"[2] are not edifying. Realistically, some ambigui-

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[1] The Conference approved the recommendation made in a report by Professor David Currie of University of Chicago Law School. The "model" referred to is 28 U.S.C. § 1506:

> If a case within the exclusive jurisdiction of the district courts is filed in the Court of Claims, the Court of Claims shall, if it be in the interest of justice, transfer such case to any district court in which it could have been brought at the time such case was filed, where the case shall proceed as if it had been filed in the district court on the date it was filed in the Court of Claims.

[2] Natural Resources Defense Council, Inc. v. EPA, 512 F.2d 1351, 1361 (D.C. Cir. 1975) (dissenting in part).

ties are likely to persist. The only lawyer-like remedy today, as Judge McGowan points out, is double filing. That is hardly a model. Today's opinion crafts a solution that avoids hardship in the case at hand. A more direct and sweeping approach is eminently desirable and eminently timely.

(2)

UNITED STATES COURT OF APPEALS
DISTRICT OF COLUMBIA CIRCUIT
WASHINGTON, D. C. 20001

HAROLD LEVENTHAL
UNITED STATES CIRCUIT JUDGE

October 31, 1977

Hon. Robert W. Kastenmeier
Chairman, Subcommittee on Courts
Committee on the Judiciary
House of Representatives
Washington, D.C. 20515

Dear Congressman Kastenmeier:

This is first to express appreciation for your interest in the possibility of a proposed statutory transfer provision such as that suggested in my concurring opinion in Investment Company Institute, 551 F.2d 1270, 1283 (1977).

As my opinion indicates, I strongly favor a statutory provision that permits transfer of cases from one federal court to another in the interest of justice, even though it is determined that the case was not properly filed in the first court.

Let me proceed by responding to the specific questions. in your letter of April 8.

1. How significant a problem has misfiling and double filing been for the federal courts?

I have no information as to numbers of cases. I can say that the question of jurisdiction arises often enough to be troublesome, and that the question is often most difficult of determination.

Our premise is, of course, that Congress does want to provide for judicial review of federal administrative action, to determine whether it is arbitrary or capricious or otherwise in derogation of statutory provision, and to provide appropriate relief if a person or group has experienced or is threatened by injury. Naturally, appropriate relief requires at the outset a proceeding in an appropriate Federal court for the rectifying mandate.

In actual practice, the "which court" question is one that does "vex practitioners," as a prominent attorney has recently stated. 1/

Judge McGowan's opinion for the court in Investment Company Institute reviews how court rulings have come to be modified and overruled on further consideration, as the courts have endeavored to reconcile the review provisions in pertinent statutes with the objective of furthering the ultimate Congressional intention of providing expeditious and meaningful judicial review. The complexity of the problem is brought out in the recently emerging scholarly literature on the subject. 2/

A problem of injustice arises if the statute is construed to require an appeal to the court of appeals within a short period after the administrative action and the complaint has been filed in district court. Even a timely proceeding will be useless if it is filed in a court without jurisdiction. Sometimes that can be retrieved, as in Investment Company Institute, which ruled that the district court did not have jurisdiction, but fashioned a procedure to give the industry an opportunity to obtain review in the court of appeals. Examples of the converse rulings in which the court held that the case was improperly brought to the circuit court, includes Judge McGowan's opinion in International Navigators Council v. Shaffer, 444 F.2d 904 (D.C.Cir. 1971) (holding that the case belonged in the district court, where a double-filing had been made) and Utah Power & Light v. EPA, 553 F.2d 215 (1977) (drawing a distinction between challenges to validity of regulations and challenge to interpretation of regulation).

A "which court" question presently pending before our court concerns the proper court for judicial review of certain determinations under Federal Coal Mine Health and Safety Act of 1969. 3/

1/ William H. Allen, of Covington & Burling, Washington, D.C., in a Book Review, of Linde and Bunn, Legislative and Administrative Processes, and of Mashaw and Merrill, Introduction to the American Public Law System, printed in Duke Law Journal, vol. 1977, p. 631, at 638 (note 33).

2/ Currie and Goodman, Judicial Review of Federal Administrative Action: Quest for the Optimum Forum, 75 Columbia Law Review 1 (1975); Verkuil, Judicial Review of Informal Rulemaking, 60 Va. L.Rev. 185, 200 (1974).

3/ Assn. of Bituminous Contractors Inc. v. Kleppe, #75-1931, D.C. Cir. The Fourth Circuit has ruled that while literal reading of § 816(a) of the Act indicates that review of enforcement actions lies in the court of appeals, it was apparent "from the context" of § 816(a) that it was not meant to preclude pre-enforcement review in the district court of the Secretary's interpretation. Bituminous Coal Operators' Ass'n v. Secretary of the Interior, 547 F.2d 240, 243 (4th Cir. 1977).

35-551 O - 77 - 25

In other instances, the issue has been, district court or Customs Court. 4/

These citations are only illustrative, and reflect instances that happened to come to hand during the past few days as I began to formulate my thoughts. If a research project were begun, it would unquestionably yield a number of close judgments on jurisdictional issues.

* * * *

Over and above the instances of injustice in the past, are the occasions of unnecessary expenditure of much lawyer and judicial effort to avoid injustice.

While the situation is not precisely in point, I have fresh in my mind an instance of how a transfer provision eased the parties and judges out of a near-impasse recently, when multiple petitions to review an order of the Federal Power Commission (increasing the national price of natural gas) were filed simultaneously in the Fifth Circuit and the District of Columbia Circuit. The transfer provision of 28 U.S.C. § 2112(a) was implemented by direct telephone conversation between the pertinent panels of the two courts, and a procedure was evolved for handling the cases without dwelling on the resolution of the intractable question of where the first petition was filed. See American Public Gas Association v. FPC, 555 F.2d 852 (Dec. 30, 1976).

2. Is the problem confined to situations involving review of administrative agency actions?

Our court's jurisdiction and workload are such that the only situations that I recall are those involving review of agency actions -- although I think the term "administrative agency" should be defined broadly, as "agency" is defined in the Administrative Procedure Act.

3. Does the lack of a general transfer statute create an unfair risk to litigants (especially individuals) who file on the federal courts?

I think so, on the analysis set forth for item #1.

4/ Consumers Union v. Committee for the Implementation of Textile Agreements, D.C. Cir. April 20, 1977 (dismissing action brought in district court as one that should have been brought in Customs Court); SCM Corporation v. International Trade Commission, (D.C. Cir. Jan. 2, 1976) (remanding to district court to hold case on docket until Customs Court had opportunity to determine whether it had jurisdiction or could grant full relief).

4. Is the Court of Claims statutory scheme the "model" to be recommended to a member of Congress to propose?

In my view, 28 U.S.C. § 5106, is a useful model. There are other provisions in the Judicial Code for transfer between courts -- e.g., 28 U.S.C. § 1404(a) (transfer between district courts, for more convenient forum); 28 U.S.C. § 2112(a) (last sentence; transfer from one circuit court of appeals to another for the convenience of the parties in the interest of justice). However, section 5106 is the one section that addresses itself to the situation where the transferring court (Court of Claims) is without jurisdiction (for the case is one within the "exclusive" jurisdiction of the district courts). In effect the Court of Claims has been authorized by Congress to receive the case for the federal court system as a whole, so to speak, for the purpose, not of decision, but of transfer. And the provision giving authority to transfer "if it be in the interest of justice" is to guard against any vexatious or abusive misfiling.

5. Has the Judicial Conference considered the problem?

A good question, indeed, and one that I shall answer by saying -- I do not know of any such consideration but I am herewith bringing our correspondence to the attention of the appropriate committee of the Judicial Conference, by sending a copy to Judge Gignoux, Chairman of the Subcommittee on Federal Jurisdiction of the Committee on Court Administration.

* * *

I am convinced, as indicated in my Investment Company Institute opinion, that the many statutory provisions, and many ways in which they are inserted or amended, will inevitably yield cases where the "which court" question is doubtful. Sometimes the "which court" question involves a choice between district court and circuit court. In other cases, Professor Currie envisages, that the question may be, which circuit court. In other cases, it has been, district court or Customs Court. My ultimate conclusion is that Congress should permit transfer between any two Federal courts.

Again, thank you for your interest in this matter. I am available for further consultation with you or your staff at your convenience.

Sincerely yours,

Harold Leventhal

Harold Leventhal

(8)

THE UNIVERSITY OF CHICAGO
THE LAW SCHOOL
1111 EAST 60TH STREET
CHICAGO · ILLINOIS 60637

June 6, 1977

Hon. Robert Kastenmeier
Subcommittee on Courts, Civil Liberties
and the Administration of Justice
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your request for additional information concerning the Administrative Conference recommendations regarding transfer provisions for the courts of appeals.

1) In my view misfiling and double filing have become significant problems at the court-of-appeals level because of the uncertainty of the statutes specifying in which court review of administrative action is to be sought.

First, both the Clean Air Act and the Water Pollution Control Act provide for review of certain actions directly in the courts of appeals. Whether a particular action falls within these provisions is not always clear. For example, courts of appeals divided over whether effluent guidelines promulgated under Sec. 304 of the FWPCA for the purpose of defining effluent limitations under Sec. 301 were "effluent limitations" for purposes of court-of-appeals review. Compare CPC International, Inc. v. Train, 515 F. 2d 1032 (8th Cir. 1975), with, e.g., E.I. duPont de Nemours & Co. v. Train, 528 F. 2d 1126 (4th Cir. 1975). While the Supreme Court has now resolved this particular conflict, other ambiguities keep cropping up. See, for example, United States v. Adamo Wrecking Co., 9 E.R.C. 1443 (6th Cir. 1976) (whether regulation limiting demolition practices is an "emission standard"); Lubrizol Corp. v. Train, 545 F. 2d 310 (6th Cir. 1976) (whether fuel registration requirements are "controls or prohibitions"); American Iron & Steel Inst. v. Train, 9 E.R.C. 1321 (3d Cir. 1976) (whether regulations specifying whether effluents are to be measured on net or gross basis are "effluent limitations"). My examples are drawn from the single field of pollution. With the proliferation of statutory provisions for direct court-of-appeals review, the potential for misfiling is multiplied.

Second, there is a growing tendency in the courts of appeals to interpret statutes providing for court-of-appeals revie-

of "orders" to include regulations, but only when no trial of the facts is necessary. See, e.g., Deutsche Lufthansa A.G. v. CAB, 479 F. 2d 912 (D.C. Cir. 1973). This case-by-case approach to the question of whether review lies in the district or appellate court further contributes to the danger of misfiling.

Third, the problem is compounded by the presence in both pollution statutes of provisions authorizing district courts to order the Administrator to perform non-discretionary duties. Several cases have already presented difficult questions of drawing the line between court-of-appeals review of erroneous action and district-court review of the failure to act. See, e.g., Oljato Chapter of the Navajo Tribe v. Train, 515 F. 2d 654 (D.C. Cir. 1975) (refusal of the Administrator to revise new-source performance standards); Natural Resources Defense Council v. EPA, 512 F. 2d 1351 (D.C. Cir. 1975) (omission of health-related lead limit from final fuel-control regulation); Sierra Club v. Ruckelshaus, 344 F. Supp. 253 (D.D.C. 1972) (failure of Administrator to require non-degradation provisions in implementation plans). Judge Wright has pungently described the uncertainty over which is the proper forum:

> The courts have been of . . . little help to litigants attempting to discern the parameters of Sections 304 and 307. While the courts play jurisdictional badminton with those provisions, batting one case back to the District Court under Section 304 while taking another identical one under Section 307, litigants should not be denied substantial rights because of uncertainty created by courts and Congress. Natural Resources Defense Council v. EPA, supra.

Fourth, even when it is clear that the action in question is reviewable in a court of appeals, it is often unclear in which one. The Clean Air Act, for example, provides for review of implementation-plan approvals in "the appropriate circuit." The legislative history defining "appropriate" as the circuit containing the State whose plan is in issue has been ignored, the courts having an unpredictable, vague tendency to require review of questions of "national importance" in the District of Columbia Circuit. See, e.g., Natural Resources Defense Council v. EPA, 475 F. 2d 968 (D.C. Cir. 1973). Moreover, under the water-pollution statute venue lies in the circuit in which the petitioner "resides or transacts such business"; the law is unclear as to the meaning of corporate residence in this context, and there is no antecedent

in the statute for "such." See Peabody Coal Co. v. Train, 522 F. 2d 1152 (8th Cir. 1975).

In short, I see a considerable potential for filing in the wrong court. While I have elsewhere suggested specific statutory changes to eliminate some of this potential, I think the pattern of recent Congressional action respecting judicial-review provisions is such that we can expect more rather than less uncertainty in the future.

2) At the court-of appeals level, the problems of misfiling is largely confined to review of administrative actions. Venue for review of district-court decisions is no problem. There remain a few cases in which it may be unclear whether jurisdiction to review a district-court judgment is in the Supreme Court or in a court of appeals, but this problem has been much alleviated by the virtual repeal of the three-judge district-court requirements over the past few years.

3) The uncertainty respecting which court has review authority creates an unnecessary risk that a litigant may find himself without remedy because of a technicality of procedure. Some statutes, such as those regulating pollution, impose strict time limitations on seeking judicial review. The Clean Air Act, for example, allows only thirty days when the action is reviewable in a court of appeals. The litigant's only defense, absent an adequate transfer statute, is the wasteful and costly one of filing in two or more courts at the same time. This has become fairly common practice, as illustrated by several of the cases cited above. It places burdens on the courts as well as on the parties.

4) 28 U.S.C. Sec.1506, which provides for transfer between the Court of Claims and the district court, provides an apt model for dealing with the problem of uncertainty whether jurisdiction lies in the district court or in the court of appeals. Of course the statute should provide for transfer in both directions: from district court to court of appeals and vice-versa. The last clause of Sec.1506 is important; without it the litigant might find himself time-barred despite transfer.

5) The problem of inter-circuit transfer is inadequately covered by Sec.2112 of title 28. To begin with, it applies only when judicial review of the same order is sought in two or more courts of appeals. Thus it is no help when the sole review petition is filed in the wrong circuit. To deal with this problem something like Sec.1406 or Sec.1506 is again needed: where a petition is filed in the wrong court of appeals, it may be transferred to one in which the petition could properly have been filed.

A second area of concern with Sec.2112 is that it may not be flexible enough to deal with the problem of consolidating related review proceedings filed in different circuits. Since Sec.2112 is limited to attacks upon "orders," there is some question whether it applies to regulations at all. Moreover, there may be a need for consolidation even when the actions under attack are not encompassed in a single order, as when the EPA separately rejects a number of state air-quality implementation plans on identical grounds. The present statute also fails to make clear whether venue must be proper either in the transferor or transferee forum. To avoid the necessity of double transfer or the hardship of dismissal, proper venue in the transferor court should not be required. To permit consolidation of related proceedings involving analytically separate orders (as in implementation plans), proper venue in the transferee forum should not be either. The Administrative Conference recommendation is a good start for this branch of the problem: In addition to an analog of 1406, the statute should authorize any court of appeals to transfer any administrative-review case to any other court of appeals to avoid undue duplication, or in the interest of justice.

Sincerely,

David P. Currie

David P. Currie

DPC/mns

Jeffrey Lubbers, Esq.
Administrative Conference of the U.S.A.
2120 "L" Street, N.W.
Washington, D.C. 20037

(4)

April 13, 1978

Honorable Harold Leventhal
Circuit Judge
United States Court of Appeals
Washington, D.C. 20001

Dear Judge Leventhal:

I have enclosed a copy of H.R. 11276, the bill I introduced to provide the courts of appeals and district courts of the United States with power to transfer cases improperly filed in those courts to the appropriate court of appeals or district court in order to cure a defect of jurisdiction or venue.

If you have the time, I invite you to review the proposal and to convey pertinent comments, including suggested amendatory changes to me.

I am also sending you under separate cover a copy of the printed record of my subcommittee's hearings on the State of the Judiciary and Access to Justice.

With warm regards, I am

Sincerely,

Robert W. Kastenmeier
Chairman, Subcommittee on Courts,
Civil Liberties and the
Administration of Justice

RWK:mra
Enc.

93TH CONGRESS
2D SESSION

H. R. 11276

IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 1975

Mr. KASTENMEIER introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 28, United States Code, to provide that the courts of appeals and district courts of the United States may transfer cases improperly filed in those courts to the appropriate court of appeals or district court in order to cure a defect of jurisdiction or venue.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1295. Transfer to cure defect of jurisdiction

"If a case within the exclusive jurisdiction of the district courts is filed in a court of appeals, that court of appeals shall, if it be in the interest of justice, transfer such

case to any district court in which it could have been brought at the time such case was filed, where the case shall proceed as if it had been filed in the district court on the date upon which it was actually filed in the court of appeals.".

SEC. 2. The chapter analysis of chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"1295. Transfer to cure defect of jurisdiction."

SEC. 3. Section 1406 of title 28, United States Code, is amended by adding after subsection (b) thereof the following:

"(c) If a case within the exclusive jurisdiction of the courts of appeals is filed in a district court, that district court shall, if it be in the interest of justice, transfer such case to any court of appeals in which it could have been brought at the time such case was filed, where the case shall proceed as if it had been filed in the court of appeals on the date upon which it was actually filed in the district court.".

SEC. 4. Subsections (c) and (d) of section 1406 of title 28, United States Code, are redesignated as subsections (d) and (e), respectively.

(5)

UNITED STATES COURT OF APPEALS
DISTRICT OF COLUMBIA CIRCUIT
WASHINGTON, D. C. 20001

HAROLD LEVENTHAL
UNITED STATES CIRCUIT JUDGE

April 26, 1978

Hon. Robert W. Kastenmeier
Chairman, Subcommittee on Courts
Committee on the Judiciary
House of Representatives
Washington, D.C. 20515

Dear Congressman Kastenmeier:

Thank you for your letter of April 13, concerning H.R. 11276, 95th Cong., 2d Sess.

H.R. 11276 is excellent -- so far as it goes. However, it is limited to transfers between district courts and courts of appeals.

In my view, as expressed in my letter to you of October 31, 1977, "Congress should permit transfer between any two Federal courts." That conclusion, along with the underlying correspondence, was transmitted to the United States Judicial Conference by its Committee on Court Administration. At its last meeting, the Judicial Conference broadly approved the transfer of cases "from one federal court to another." (I am so advised by Mr. Joseph Spaniol, the deputy director of the Federal Administrative Office, who has included this language in his draft of the report of the Judicial Conference meeting.)

Although most of the "which court" problems that have arisen relate to controversies involving the district court and the courts of appeals, there have also been cases involving the customs court, as indicated in my letter to you of October 31, 1977. Further, Judge Tamm advises me that there have been instances of cases filed in circuit courts of appeals that are within the exclusive jurisdiction of the Temporary Emergency Court of Appeals (TECA). (Notwithstanding its name, TECA was not established as either a district court or a court of appeals. Sec. 211(b)(1) of Pub. L. 91-379, merely provides: "There is hereby

created a court of the United States to be known as the Temporary Emergency Court of Appeals, ***." The Chief Justice is authorized to make designations to TECA from judges of the district courts and circuit courts of appeals. See 12 U.S.C. § 1904, note.)

Congress may provide in the future for other courts of specialized jurisdiction. These may be created as, say, district courts (as in the case of the special court established under the railroad legislation, 45 U.S.C. § 719). However, as in the case of TECA, they may not be anchored within an existing court, and it would be prudent to provide for that possibility. Such situations may present problems of justice, particularly if novel, and not generally known legislation, should provide strict deadlines for seeking judicial review.

There remains a problem of draftsmanship, and more particularly of code placement, since Part IV of Title 28 of the United States Code (IV - JURISDICTION AND VENUE) is now organized with separate chapters for the separate courts. I suggest adding a new chapter, entitled General Provisions (following the model of ch. 57, § 951). I have drafted for your consideration a provision that will effectuate the foregoing. While about it, I decided to try my hand at simplification, and at clarifying that the transfer procedure may be used "to cure a defect of jurisdiction and venue" (as set forth in the title of H.R. 11276).

chapter 97. General Provisions

§ 1591. Transfer to cure defect of jurisdiction or venue

If a case is filed in a court of the United States, and that court concludes that there is a defect in jurisdiction or venue, the court shall, if it be within the interest of justice, transfer such case to any court of the United States in which it could have been brought at the time such case was filed, and the case shall proceed as if it had been filed in the transferee court on the date upon which it was actually filed in the transferor court.

To save time, I am sending a copy of this letter to a number of the persons within the Federal judicial system with whom I have discussed the matter, and also to professors who have evidenced a particular interest in the issue.

I am available at your convenience to discuss this matter further with you or any member of your staff.

Sincerely yours,

Harold Leventhal

Harold Leventhal

cc: Judge Edward A. Tamm
Judge Edward T. Gignoux
Hon. Leo Levin, Director, Federal Judicial Center
Hon. Joseph Spaniol, Deputy Director, Admin. Office
Professor David Currie, U. of Chicago
Professor Frank Goodman, U. of Pa.
Professor Charles Alan Wright, U. of Texas

(6)

THE UNIVERSITY OF CHICAGO
THE LAW SCHOOL
1111 EAST 60TH STREET
CHICAGO · ILLINOIS 60637

May 4, 1978

Hon. Robert W. Kastenmeier
Chairman, Subcommittee on Courts
Committee on the Judiciary
House of Representatives
Washington, D.C. 20515

Dear Congressman Kastenmeier:

I am writing in support of Judge Leventhal's proposed revision of H.R. 11276, 95th Cong., 2d Sess., which would broaden the transfer provision to embrace courts other than district courts and courts of appeals.

I share Judge Leventhal's view that filing a case in the wrong court should not lead to the harsh result of dismissal. I share his conviction that the problem is not limited to district courts and courts of appeals. Finally, I believe the language he has drafted is admirably suited to the purpose.

Sincerely,

David P. Currie

David P. Currie
Harry N. Wyatt Professor of Law

DPC/mns
cc: Judge Harold Leventhal

Note: This opinion will not be published in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

United States Court of Appeals for the Federal Circuit

ANTHONY P. CATANZARO, Appellant,	)	Appeal No. 83-653
v.	)	
HART ELECTRONICS CORP., Appellee.	)	

DECIDED: August 15, 1983

Before FRIEDMAN and NIES, Circuit Judges, and SKELTON, Senior Circuit Judge.

PER CURIAM.

DECISION

The judgment of the United States District Court for the Middle District of Pennsylvania which, in this patent infringement suit, granted a summary judgment of noninfringement and awarded appellee Hart Electronics Corporation of Scranton ("Hart") attorney's fees against the appellant Catanzaro and the plaintiff Molinaro, is affirmed.

OPINION

The patent involved in this suit issued to Molinaro in 1959. Catanzaro asserts a 50 percent interest in the patent as

an assignee. Claim 3 of the patent, which the plaintiffs alleged Hart infringed, covered a signal seeking receiver. There are two types of such receivers: (1) "termination of signal" receivers that stop their scan in response to a received signal and automatically resume their scan only after the received signal has terminated, and (2) "time interval" receivers in which the device resumes the scan after an interval even though the received signal has not terminated.

Molinaro and Catanzaro filed the present suit in 1972. It was one of a substantial number of suits that Catanzaro filed against many electronics companies, charging infringement of the Molinaro patent.

One of the other suits Catanzaro filed was in the United States District Court for the District of Delaware against Masco Corporation. Some of these suits were transferred by the Judicial Panel on Multidistrict Litigation to the United States District Court for the Southern District of New York for consolidated pretrial proceedings before a magistrate. In 1975, the latter court returned the cases to their original district.

In 1976, the district court (Judge Stapleton) granted the defendant Masco summary judgment of noninfringement. It held that "the Molinaro patent cannot reasonably be construed as covering signal seeking receivers which restart their scanning only upon termination of the received signal" and that "since there is no genuine dispute that the signal seeking receivers produced by Masco restart only in this fashion, i.e., upon

termination of signal, Masco is entitled to summary judgment of non-infringement." Catanzaro v. Masco Corp., 423 F. Supp. 415, 445-46 (D. Del. 1976). On Catanzaro's appeal, the Court of Appeals for the Third Circuit affirmed. Catanzaro v. Int'l Tel. & Tel., 575 F.2d 1085 (3d Cir. 1978). It stated:

> The record of each of the proceedings below amply demonstrates that the contentions which were raised there and repeated here by the appellant are without merit. Accordingly, we approve Judge Stapleton's well-reasoned opinions insofar as they apply to these appeals.

Id. at 1086.

After certiorari was denied in Masco, 439 U.S. 989 (1978), the present suit in the Middle District of Pennsylvania was revived. When the district judge originally assigned to this case recused himself, the chief judge of the Court of Appeals for the Third Circuit designated Judge Stapleton (who had presided in the Masco case in the District of Delaware) to hear this case in the Middle District of Pennsylvania.

Catanzaro moved that Judge Stapleton recuse himself because of alleged bias and prejudice under 28 U.S.C. § 144 (1976). Judge Stapleton declined to do so. He ruled that the ground upon which recusal was sought related solely to Catanzaro's belief that the judge had decided the Masco case incorrectly, and that this ground did not constitute the personal bias and prejudice that is required for recusal.

At a pretrial conference held in May 1981, the plaintiffs admitted that the allegedly infringing receivers of Hart were

"termination of signal" receivers. The district court then held that since Masco had determined that in the Third Circuit "as a matter of law, the patent-in-suit cannot be read to extend to termination of signal receivers like those accused in this case[,]" Hart was entitled to a summary judgment of noninfringement. The court pointed out that the court had followed the same procedure in Masco "where a summary judgment of noninfringement was affirmed." The court rejected Catanzaro's argument that the Masco case should not be binding because he did not have a full and fair opportunity to litigate that case. Judge Stapleton also rejected Catanzaro's renewed motion for his recusal.

Hart then applied for an award of attorney's fees of approximately $37,000 for its expenses in defending the present infringement suit. In a detailed opinion, the court held that Hart was not entitled to attorney's fees from the time this suit was filed in 1972 until the Third Circuit mandate in the Masco case issued on May 1, 1978, since during that period the "plaintiffs instituted and maintained this litigation in the subjective, good faith belief that defendant was infringing their patent" and "there were no circumstances during this period of time which would warrant an award of counsel fees despite plaintiffs' good faith."

The court, however, awarded attorney's fees for the period from May 1, 1978. It held that although Catanzaro and Molinaro "still believe that the patent in suit covers termination of

signal devices and that the Masco case was simply wrongly decided on the merits," "[t]he claim that the Molinaro patent is infringed by termination of signal devices is a legally frivolous one." It ruled that once the Third Circuit had decided Masco, and certiorari had been denied, "it became pointless to litigate an identical claim in the Third Circuit and the expenses generated by plaintiffs' resistance to Hart's motion for summary judgment were simply a waste." It concluded:

> Plaintiffs have thus litigated a frivolous issue with no rational hope of success. While they were perhaps entitled to do so, they were not entitled to do so at Hart's expense. The circumstances which have existed in this case since the mandate in the Masco case make this an "exceptional case" within the meaning of 35 U.S.C. § 285 and Hart will be awarded a judgment for the expenses incurred in prosecuting its motion for summary judgment.

The court subsequently awarded $4,588.50 in fees and $490.47 in expenses, or a total of $5,078.97. Only Catanzaro has appealed to this court from the district court's grant of summary judgment for noninfringement and award of attorney's fees.

Because of the nature of the issues, we determined that there was no need for oral argument.

1. On appeal Catanzaro continues to argue that Judge Stapleton should have recused himself, and also contends that the chief judge of the Third Circuit should not have assigned Judge Stapleton to this case because of the judge's prior participation in the Masco case. We agree with Judge Stapleton, however, that the grounds upon which Catanzaro sought his recusal do not establish the personal bias and prejudice that are

necessary for recusal. Nor was there anything in Judge Stapleton's prior participation in the Masco case that made it inappropriate to assign him to hear this case.

Catanzaro also argues that he did not have a "full and fair" opportunity (cf. Blonder-Tongue Laboratories v. Univ. of Ill. Found., 402 U.S. 313, 333 (1971)) to litigate his claim of infringement. This is but another formulation of Catanzaro's argument that summary judgment of noninfringement should not have been entered. The district court judgment in Masco rested upon the legal determination that the Molinaro patent did not cover termination of signal receivers. Catanzaro has not shown that he did not have a full and fair opportunity to litigate that issue in that case. As Judge Stapleton pointed out in the present case, Catanzaro's argument actually involves only a disagreement with that legal conclusion.

The district court correctly pointed out that the Masco decision of the Third Circuit definitively established, at least in that circuit, that the Molinaro patent does not cover termination of signal devices. Since the plaintiffs conceded that the alleged infringing devices in this case were termination of signal receivers, and since these devices are not asserted to be different, as far as the question of infringement is concerned, from the devices of Hart,*/ the district court

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*/ The devices here are, in any event, the same devices held to be non-infringing in other litigation in which the appellant was a party, Molinaro v. Sears, Roebuck & Co., 478 F. Supp. 818 (S.D.N.Y. 1979).

properly granted summary judgment of noninfringement on the basis of Masco.

Catanzaro does not challenge the amount of the attorney's fees awarded. Apparently he contends that this was not an exceptional case under the statute. The decision whether to award attorney's fees in a patent case lies largely within the discretion of the district court. Orthopedic Equip. Co., Inc. v. All Orthopedic Appliances, Inc., Nos. 83-513 and 83-525, slip op. at 20 (Fed. Cir. May 23, 1983); Chemical Const. Corp. v. Jones & Laughlin Steel Corp., 311 F.2d 367, 374 (3d Cir. 1962). We cannot say that the district court abused its discretion in awarding attorney's fees in the unusual circumstances here.

2. Hart suggests that the amount of attorney's fees should be supplemented to cover its costs of defending against this appeal. We decline to do so.

United States Patent [19]

Rivet

[11] **3,842,785**

[45] **Oct. 22, 1974**

[54] **AMPHIBIOUS MARSH CRAFT**

[76] Inventor: **Huey Joseph Rivet, 6901 River Rd., Waggaman, La. 70094**

[22] Filed: **Aug. 30, 1973**

[21] Appl. No.: **391,811**

[52] U.S. Cl. ..... 115/1 R, 115/63, 305/25

[51] Int. Cl. B60f 3/00

[58] Field of Search ..... 115/1 R, 63; 114/66.5 F, 114/.5 F; 305/24, 25, 16; 416/7

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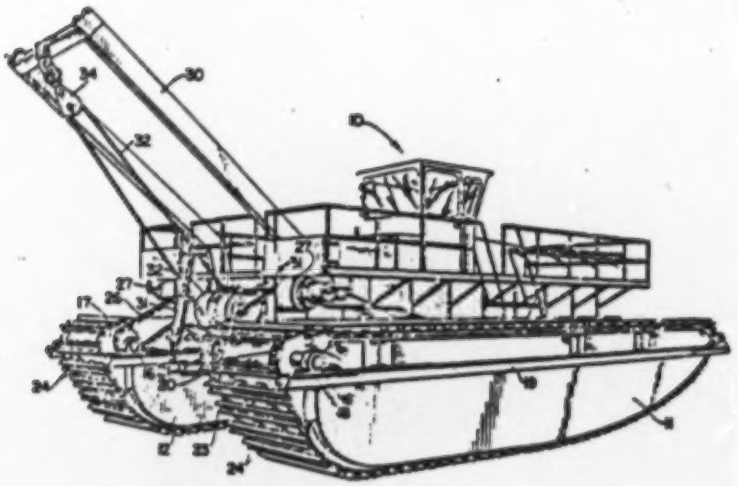
Primary Examiner—Trygve M. Blix
Assistant Examiner—Edward R. Kazenske
Attorney, Agent, or Firm—Wilkinson, Mawhinney & Theibault

[57] **ABSTRACT**

The present disclosure is directed to an amphibious marsh craft having specially constructed pontoons which not only act as buoyancy chambers but which due to the use of bulkheads are divided into a plurality of chambers to protect the dragline or other work device carried on the vehicle from sinking should a plate become punctured and the pontoon flood. With the bulkheads reserve buoyancy is present. The use of transversely disposed I-beams on the bottom of the pontoon cooperates with the bulkheads to make a rigid frame resistant to twisting, bucking or breaking.

7 Claims, 8 Drawing Figures



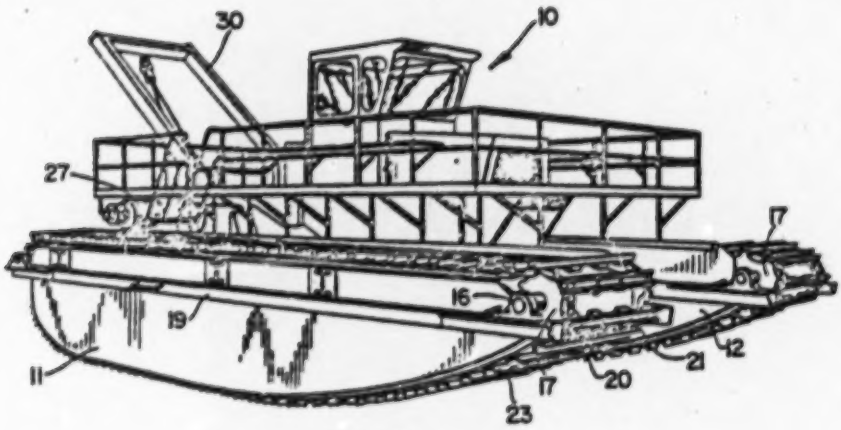

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FIG. 1

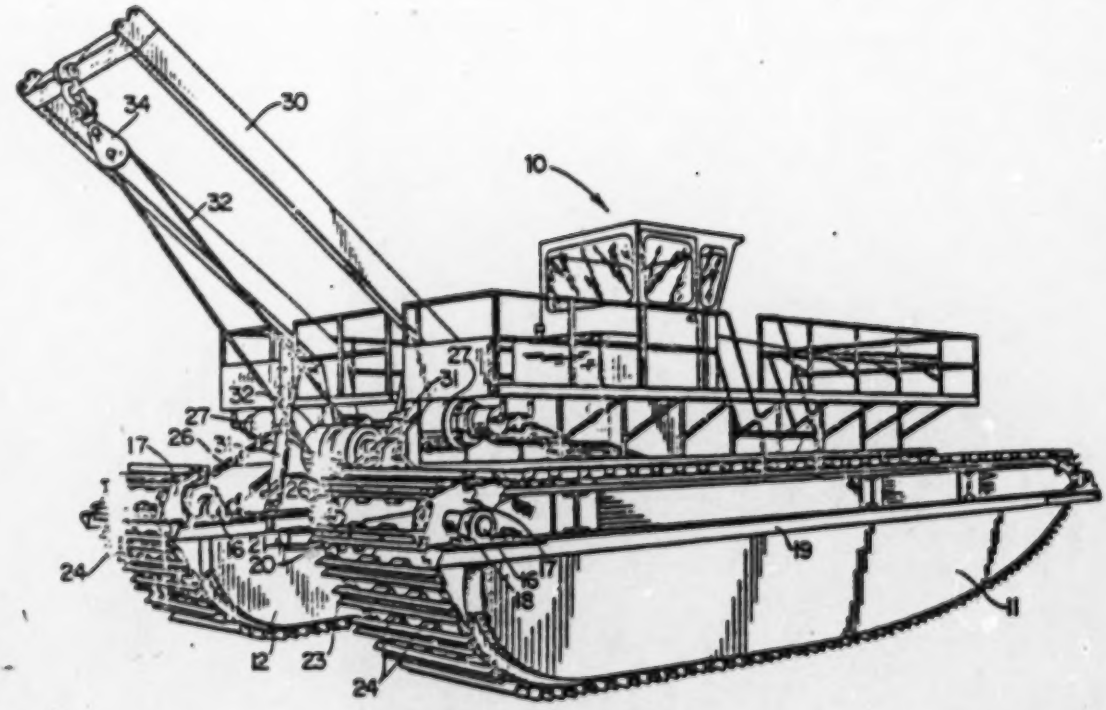
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FIG. 2

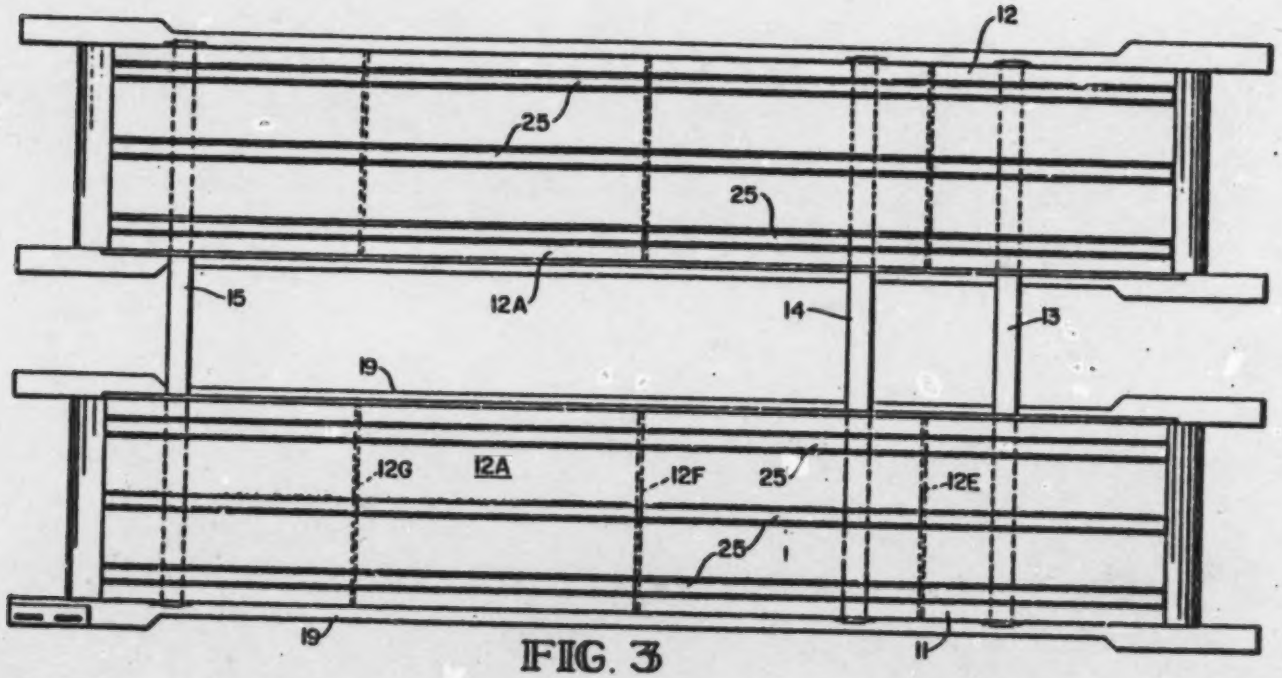
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FIG. 3

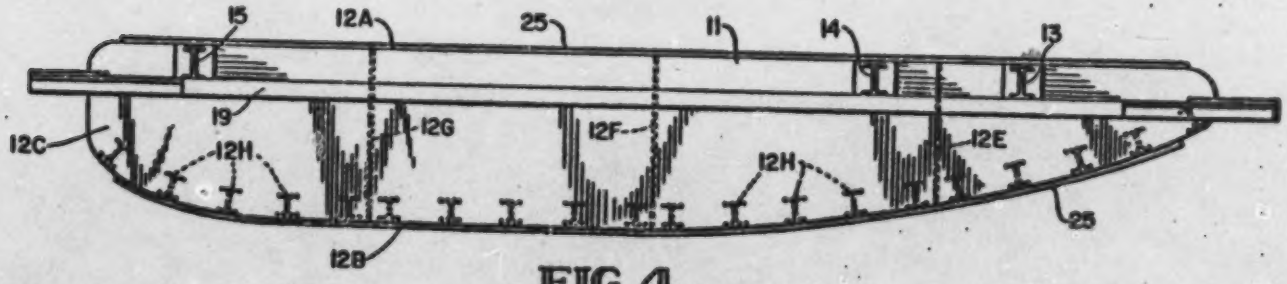
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FIG. 4

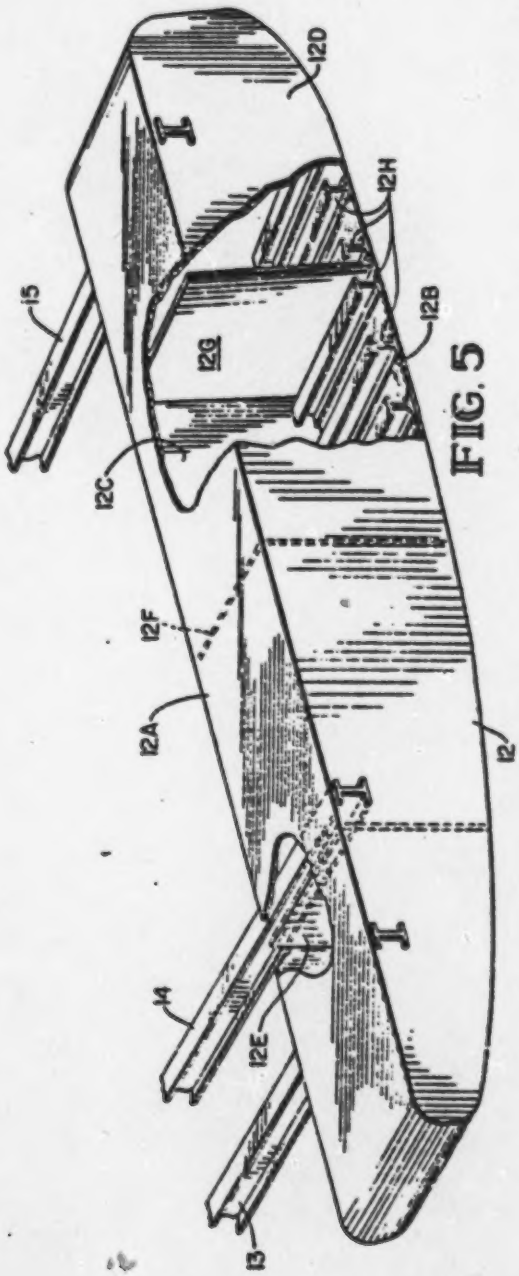

FIG. 5

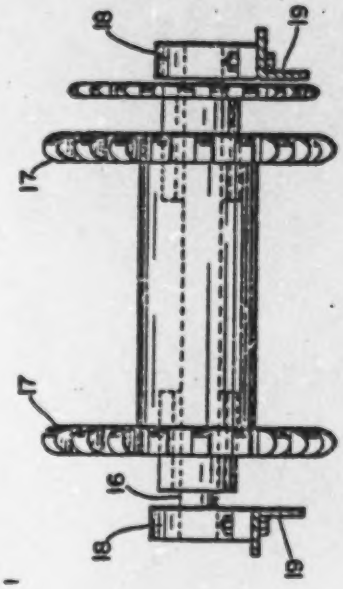

FIG. 7

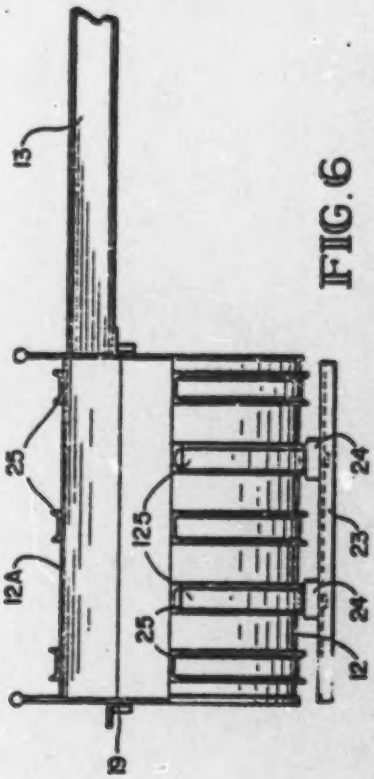

FIG. 6

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FIG

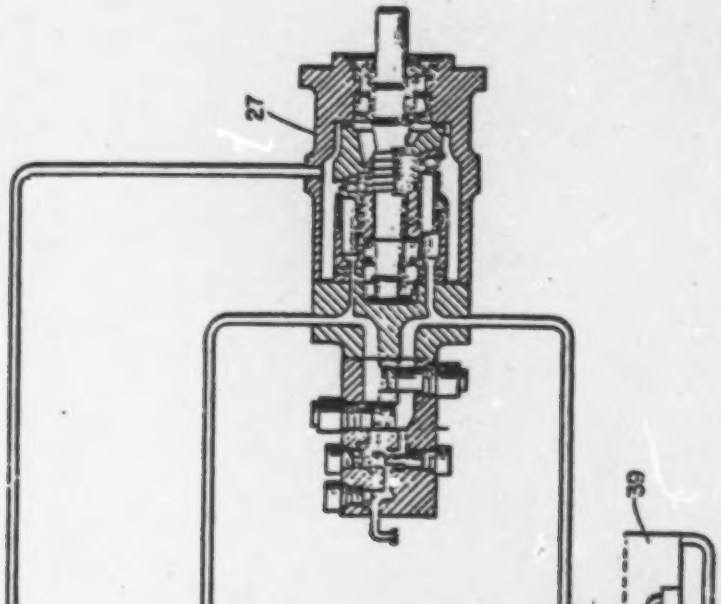

FIG. 8

AMPHIBIOUS MARSH CRAFT

An object of the present invention is to provide an amphibious craft more compact, structurally stronger and having a higher watertight integrity than the type of craft shown in U.S. Pat. No. 2,546,523 and U.S. Pat. No. 3,418,961 which because of unitized all-welded construction which is, in the pontoon area, reinforced with vertical bulkheads, and transversely positioned I-beams will resist moments of force which cause other vehicles of the type shown in the above patents to twist, buckle or be subjected to torsional stresses which will open welds on the pontoon causing flooding and loss of buoyancy of the craft.

A further object of the present invention is the provision of a pontoon type endless track vehicle which will support and carry into swamps, marshes and other inaccessible areas heavy loads such as draglines, hydraulic tree cutters, equipment moving A-frames for transporting loads up to sixty tons without fear of losing the load due to a loss of buoyancy or buckling of the buoyant pontoon and the inability of the endless track drive to move the vehicle and its work load over tree stumps, marshes, water or soft land in which other vehicles become bogged down and cannot operate.

A still further object of the present invention is a vehicle having pontoon buoyant supports about which move endless drive chains having cleats connected between a pair of chains which move with a minimum amount of friction requiring less driving horsepower and which has plastic blocks of a low coefficient of friction which not only act as friction reducers but as support members between the cleats and pontoon resulting in little or no buckling of the traction cleats between their drive chain attachments.

A still further object of the present invention is the provision of a pontoon craft of the type described which is provided on its top and bottom of each pontoon with low coefficient of friction plastic material which cooperates with plastic blocks to reduce wear and horsepower necessary to move the vehicle and its work load into and out of inaccessible places whether it be solid land, marsh and/or water or a combination of any of the foregoing.

An object of the present invention is the provision of a pontoon vehicle having endless tracks running over the top and bottom of the pontoon wherein the pontoon at its leading end has an undercut nose which will permit the vehicle and its work load to rock and absorb various shocks incident to terrain changes or tree stumps or foreign objects which would otherwise impose sudden shock moments on the pontoons resulting in breaking of weldments in the pontoon causing a loss of buoyancy necessary to support such work loads as drag lines, hydraulic tree cutters, etc.

With the foregoing and other objects in view the invention will be more fully described hereinafter and more particularly pointed out in the appended claims.

In the drawings in which like parts are denoted by reference characters throughout the several views:

FIG. 1 is a front perspective view of one form of amphibious pontoon endless track vehicle constructed in accordance with the present invention.

FIG. 2 is a rear perspective view of the vehicle of FIG. 1.

FIG. 3 is a top plan view of the pontoon and joining structure of the vehicle of FIGS. 1 and 2.

FIG. 4 is a side elevational view of the pontoon structure of the present invention.

FIG. 5 is a perspective view with parts broken away showing the reinforcing and buoyancy structure of a pontoon constructed in accordance with the present invention.

FIG. 6 is a fragmentary front elevational view of one of the pontoons and driving cleats showing the support blocks bearing against the plastic filled channels.

FIG. 7 is a front elevational view of the endless track support shaft showing the free floating bearing support of the drive sprocket shafts.

FIG. 8 is a diagramatic hydraulic schematic of one of the pontoon endless track drive systems.

Referring now to the drawings, 10 designates an amphibious craft constructed in accordance with the present invention having pontoons 11 and 12 maintained in parallelism by I-beams 13, 14, and 15 welded to the pontoons. At each end of each pontoon are shafts 16 having drive sprockets 17 thereon, best seen in FIG. 7. Each shaft is journaled in bearings 18 secured to angles 19 welded to the pontoons 11 and 12 proximate the upper portion thereof. About the sprockets 17 are roved endless chains 20, 21 between which are secured cleats 23 in the form of channels with the upstanding flanges directed away from the pontoons. Between the endless chains 20, 21 are support blocks 24 secured to the webs of the channels so that they will bear against either the top or bottom of the pontoon or a channel 25 filled with a low coefficient of friction plastic 125 such as an epoxy, teflon or nylon to act as a frictionless wear surface over which the support blocks 24 which may be of polypropylene to reduce both wear and friction.

The endless track is driven from the rear shaft, FIG. 7, which has a drive sprocket keyed thereto and which is itself driven by a chain 26 driven from a hydraulic motor 27, one drive motor for each pontoon.

PONTOON CONSTRUCTION

Referring now to FIGS. 3 through 6 the construction of the pontoons will be described with reference in detail to only one since both are identical. The pontoon 12 has a top 12A, a bottom 12B, and side walls 12C and 12D. The interior of the pontoon is divided into a plurality of water tight buoyancy chambers by bulkheads 12E, 12F, and 12G which are welded to the sides and bottom plates. The bulkheads add structural strength to the pontoon as well as a buoyancy chamber wall. Along the bottom of the pontoon 12B are a plurality of I-beams 12F running transversely of the major axis of the pontoon and welded to the bottom plate 12B. The combination of bulkheads and the I-beams together with the longitudinal channels 25 on the top and bottom of each pontoon provide a rugged structure resistant to bending, buckling, twisting or cracking of plate weldments, a unique feature which permits the vehicle of the present invention to operate prolonged periods of time without damage to its structure.

The longitudinal channels 25 form both runways for the endless chains 20, 21 to which the track cleats 23 are secured and the support blocks 24 over the middle area of the cleat act as a frictionless load bearing surface to reduce both wear and horsepower requirements necessary to drive the vehicle.

The pontoon structure described cooperates with the unitized welded beam construction of beams 13, 14, and 15 to provide a rugged buoyant structure which can support in water, marsh or land loads of up to 60 tons which permits the mounting on the top of the pontoon structure of drag lines, tree cutters and other heavy duty construction equipment.

The under cut nose portion of the front of the pontoon as best seen in FIG. 4 is attained by bulkhead 12E being of lesser vertical height. The major load bearing portion of the pontoon being from bulkhead 12F to the rear. The rocker-like construction afforded by the undercut leading nose permits the vehicle to climb over obstacles such as tree stumps and ditches, levies and banks, and upon returning to a level running surface to rock back to a stable running attitude.

The embodiment shown in FIGS. 1 and 2 is equipped to transport personnel and has a 50-ton lift in the form of a U-frame 30 pivoted to the main frame and raised and lowered by hydraulic cylinders 31. A winch 32 has a cable 33 passing through pulley 34 and a hook or other work attaching device is provided on the cables free end.

The propulsion mechanism for the vehicle is a pair of fixed displacement hydraulic motors 27 and the control system of only one motor is shown in FIG. 8 since both are identical. The drive from a diesel or gasoline prime mover is connected to a reversible variable displacement pump 35 at 36. A control handle 37 on a displacement control valve 38 controls direction and quantity of oil flow to the drive motors 27. The system is provided with a resevoir 39 and heat exchanger 40. There are two separate control handles 37 and systems, one to drive each pontoon independently of one another or together.

With the pontoons being transversely spaced 2 ½ to 5 feet apart a very small or tight turning circle is attained when one pontoon is stopped and the other driven.

What I claim:

1. An amphibious craft comprising a pair of spaced elongated pontoons, each pontoon comprising a primary buoyant closed wall structure having a top and bottom and having a substantially uniform vertical height over at least half its length measured from rear to front, vertical bulkheads spaced along the length of said pontoons adding rigidity to the pontoon and defining a plurality of separate buoyant chambers within the pontoon, a plurality of spaced I-beams welded to the bottom of the pontoons transversely of the pontoons between said vertical bulkheads over the length of said pontoon, at least two primary channel means on the top and bottom of the pontoon, endless drive chains carried in each of said channel means, channel shaped drive cleats secured to and extending between said chains, plastic support blocks secured to the web of said cleats intermediate the drive chains and positioned to bear against the top and bottom of each pontoon, drive means for driving said endless chains, and I-beam spacer means welded to said pontoons at the top of and rigidly interconnecting said pontoons fore and aft in substantially parallel relation.

2. An amphibious craft as claimed in claim 1 further comprising secondary channel means intermediate said primary channel means on the pontoons running longitudinally along the top and bottom of each pontoon with the flanges directed outwardly, the area between said flanges on the channels being filled with a low coefficient of friction plastic material against which the plastic support blocks on said cleats will bear and slide.

3. An amphibious craft as claimed in claim 2 wherein said plastic support blocks are of a low coefficient of friction plastic.

4. An amphibious craft as claimed in claim 3 further comprising endless drive chain sprockets secured to shafts mounted proximate the top of each pontoon in a free floating bearing assembly said endless drive chains meshing with said sprockets and being drivingly connected to said drive means.

5. An amphibious craft as claimed in claim 4 wherein said drive means is a separate hydraulic motor for driving the endless tracks of each pontoon.

6. For use with an amphibious craft having a pair of spaced elongated pontoons over which pass endless track propulsion members having channel shaped driving cleats with the side flanges directed away from the pontoons, an anti-friction load transfer system comprising at least one longitudinal channel member secured to the underside of the pontoon with its flanges directed away from the pontoon, plastic filler between said flanges, and plastic support blocks secured to the back side of said cleats over the plastic filler in the longitudinal channels on the underside of the pontoons to provide a load bearing surface having a minimum coefficient of friction between the pontoon and driving cleats.

7. An anti-friction load transfer system as claimed in claim 6 wherein the plastic filler and plastic blocks are of the group of epoxy, teflon, nylon and polypropylene.

* * * * *

STATUTES AND RULES IN ISSUE

In 1958, the pertinent provisions of United States Code, Title 28 were as follows:

Section 1291 --

§ 1291. Final decisions of district courts.

The courts of appeals shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court.

June 25, 1948, c. 646, 62 Stat. 929; Oct. 31, 1951, c. 655, § 48, 65 Stat. 726; July 7, 1958, Pub. L. 85-508, § 12(e), 72 Stat. 348.

Section 1292 --

§ 1292. Interlocutory decisions.

(a) The courts of appeals shall have jurisdiction of appeals from:

(1) Interlocutory orders of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, of or the judges thereof, granting, continuing, modifying, refusing or dissolving injunctions, or refusing to dissolve or modify injunctions, except where a direct review may be had in the Supreme Court;

(2) Interlocutory orders appointing receivers, or refusing orders to wind up receiverships or to take steps to accomplish the purposes thereof, such as directing sales or other disposals of property;

(3) Interlocutory decrees of such district courts or the judges thereof determining the rights and liabilities of the parties to admiralty cases in which appeals from final decrees are allowed;

(4) Judgments in civil actions for patent infringement which are final except for accounting.

(b) When a district judge, in making in a civil action an order not otherwise appealable under this section, shall be of the opinion that such order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation, he shall so state in writing in such order. The Court of Appeals may thereupon, in its discretion, permit an appeal to be taken from such order, if application is made to it within ten days after the entry of the order: Provided, however, That application for an appeal hereunder shall not stay proceedings in the district court unless the district judge or the Court of Appeals or a judge thereof shall so order.

June 25, 1948, c. 646, 62 Stat. 929; Oct. 31, 1951, c. 655, § 48, 65 Stat. 726; July 7, 1958, Pub.L. 85-508, § 12(e), 72 Stat. 348; Sept. 2, 1958, Pub.L. 85-919, 72 Stat. 1770.

As of October 1, 1982, the effective date of the Federal Courts Improvement Act of 1982, the pertinent provisions of United States Code, Title 28 are as follows:

Section 1291 --

§ 1291. Final decisions of district courts.

The courts of appeals (other than the United States Court of Appeals for the Federal Circuit) shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court. The jurisdiction of the United States Court of Appeals for the

Federal Circuit shall be limited to the jurisdiction described in sections 1292(c) and (d) and 1295 of this title.

As amended Apr. 2, 1982, Pub.L. 97-264, Title I, § 124, 96 Stat. 36.

Section 1292 --

§ 1292. Interlocutory decisions.

(a) Except as provided in subsections (c) and (d) of this section, the courts of appeals shall have jurisdiction of appeals from:

(1) Interlocutory orders of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, or of the judges thereof, granting, continuing, modifying, refusing or dissolving injunctions, or refusing to dissolve or modify injunctions, except where a direct review may be had in the Supreme Court;

(2) Interlocutory orders appointing receivers, or refusing orders to wind up receiverships or to take steps to accomplish the purposes thereof, such as directing sales or other disposals of property;

(3) Interlocutory decrees of such district courts or the judges thereof determining the rights and liabilities of the parties to admiralty cases in which appeals from final decrees are allowed;

[(4) Repealed. Pub.L. 97-164, Title I, § 125(a)(3), Apr. 2, 1982, 96 Stat. 36].

[See main volume for text of (b)]

(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction--

(1) of an appeal from an interlocutory order or decree described in subsection (a) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this Title; and

(2) of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.

(d)(1) When the chief judge of the Court of International Trade issues an order under the provisions of section 256(b) of this title, or when any judge of the Court of International Trade, in issuing any other interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from that order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

(2) When any judge of the United States Claims Court, in issuing an interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from that order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

(3) Neither the application for nor the granting of an appeal under this subsection shall stay proceedings in the Court of International Trade or in the Claims Court, as the case may be, unless a stay is ordered by a judge of the Court of International Trade or of the Claims Court or by the United States Court of Appeals for the Federal Circuit of a judge of that court.

As amended Apr. 2, 1982, Pub. 97-164, Title I, § 125, 96 Stat. 36.

Section 1295 --

§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit.

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction--

(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District Court of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

(2) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), 1346(e), or 1346(f) of this title or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title;

(3) of an appeal from a final decision of the United States Claims Court;

(4) of an appeal from a decision of--

(A) the Board of Appeals or the Board of Patent Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

(5) of an appeal from a final decision of the United States Court of International Trade;

(6) to review the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337);

(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under headnote 6 to schedule 8, part 4, of the Tariff Schedules of the United States (relating to importation of instruments or apparatus);

(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461);

(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to sections 7703(b)(1) and 7703(d) of title 5; and

(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)).

(b) The head of any executive department or agency may, with the approval of the Attorney General, refer to the Court of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to the terms of any contract with the United States awarded by that department or agency which the head of such department or agency has concluded is not entitled to finality pursuant to the review standards specified in section 10(b) of the Contract Disputes Act of 1978 (41 U.S.C. 609(b)). The head of each executive department or agency shall make any referral under this section within one hundred and twenty days after the receipt of a copy of the final appeal decision.

(c) The Court of Appeals for the Federal Circuit shall review the matter referred in accordance with the standards specified in section 10(b) of the Contract Disputes Act of 1978. The court shall proceed with judicial review on the administrative record made before the board of contract appeals on matters so referred as in other cases pending in such court, shall determine the issue of finality of the appeal decision, and shall, if appropriate, render judgment thereon, or remand the matter to any administrative or executive body or official with such direction as it may deem proper and just.

Added Pub.L. 97-164, Title I, § 127(a), Apr. 2, 1982, 96 Stat. 37.

Section 1338 --

§ 1338. Patents, plant variety protection, copyrights, trademarks, and unfair competition.

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in

patent, plant variety protection and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trade-mark laws.

June 25, 1948, c. 646, 62 Stat. 931; Dec. 24, 1970, Pub.L. 91-577, Title III, § 143(b), 84 Stat. 1559.

Section 1631 --

§ 1631. Transfer to cure want of jurisdiction.

Whenever a civil action is filed in a court as defined in section 610 of this title or an appeal, including a petition for review of administrative action, is noticed for or filed with such a court and that court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed, and the action or appeal shall proceed as if it had been filed in or noticed for the court to which it is transferred on the date upon which it was actually filed in or noticed for the court from which it is transferred.

Added Pub.L. 97-164, Title III, § 301(a), Apr. 2, 1982, 96 Stat. 55.

Section 1651 --

§ 1651. Writs

(a) The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.

(b) An alternative writ or rule nisi may be issued by a justice or judge of a court which has jurisdiction.

June 25, 1948, c. 646, 62 Stat. 944; May 24, 1949, c 139, § 90 63 Stat. 102.

Section 2107 --

§ 2107. Time for appeal to court of appeals.

Except as otherwise provided in this section no appeal shall bring any judgment, order or decree in an action, suit or proceeding of a civil nature before a court of appeals for review unless notice of appeal is filed, within thirty days after the entry of such judgment, order or decree.

In any such action, suit or proceeding in which the United States or an officer or agency thereof is a party, the time as to all parties shall be sixty days from such entry.

In any action, suit or proceeding in admiralty, the notice of appeal shall be filed within ninety days after the entry of the order, judgment or decree appealed from, if it is a final decision, and within fifteen days after its entry if it is an interlocutory decree.

The district court may extend the time for appeal not exceeding thirty days from the expiration of the original time herein prescribed, upon a showing of excusable neglect based on failure of a party to learn of the entry of the judgment, order or decree.

This section shall not apply to bankruptcy matters or other proceedings under Title 11.

(June 25, 1948, c. 646, 62 Stat. 863; May 24, 1949, c. 139, §§ 107, 108, 63 Stat. 104.)

The implementing legislation accompanying the Federal Courts Improvement Act of 1982, 96 Stat. 25, 57-58, provided in pertinent part, as follows:

Section 402 --

EFFECTIVE DATE

SEC. 402. Unless otherwise specified, the provisions of this Act shall take effect on October 1, 1982.

Section 403 --

EFFECT ON PENDING CASES

SEC. 403. (a) Any case pending before the Court of Claims on the effective date of this Act in which a report on the merits has been filed by a commissioner, or in which there is pending a request for review, and upon which the court has not acted, shall be transferred to the United States Court of Appeals for the Federal Circuit.

(b) Any matter pending before the United States Court of Customs and Patent Appeals on the effective date of this Act shall be transferred to the United States Court of Appeals for the Federal Circuit.

(c) Any petition for rehearing, reconsideration, alteration, modification, or other change in any decision of the United States Court of Claims or the United States Court of Customs and Patent Appeals rendered prior to the effective date of this Act that has not been determined by either of those courts on that date, or that is filed after that date, shall be determined by the United States Court of Appeals for the Federal Circuit.

(d) Any matter pending before a commissioner of the United States Court of Claims on the effective date of this Act, or any pending dispositive motion that the United States Court of Claims has not determined on that date, shall be determined by the United States Claims Court.

(e) Any case in which a notice of appeal has been filed in a district court of the United States prior to the effective date of this Act shall be decided by the court of appeals to which the appeal was taken.

Approved April 2, 1982.

The pertinent Rules provide as follows:

Federal Rules of Appellate Procedure

Rule 1. Scope of Rules.

(a) Scope of Rules. These rules govern procedure in appeals to United States courts of appeals from the United States district courts and the United States Tax Court; in proceedings in the courts of appeals for review or enforcement of orders of administrative agencies, boards, commissions and officers of the United States; and in applications for writs or other relief which a court of appeals or a judge thereof is competent to give. When these rules provide for the making of a motion or application in the district court, the procedure for making such motion or application shall be in accordance with the practice of the district court.

(b) Rules Not to Affect Jurisdiction. These rules shall not be construed to extend or limit the jurisdiction of the courts of appeals as established by law.

As amended Apr. 30, 1979, eff. Aug. 1, 1979.

Rule 2. Suspension of Rules.

In the interest of expediting decision, or for other good cause shown, a court of appeals may, except as otherwise provided in Rule 26(b), suspend the requirements or provisions of any of these rules in a particular case on application of a party or on its own motion and may order proceedings in accordance with its direction.

Rule 3. Appeal as of Right -- How Taken.

(a) Filing the Notice of Appeal. An appeal permitted by law as of right from a district court to a court of appeals shall be taken by filing a notice of appeal with the

clerk of the district court within the time allowed by Rule 4. Failure of an appellant to take any step other than the timely filing of a notice of appeal does not affect the validity of the appeal, but is ground only for such action as the court of appeals deems appropriate, which may include dismissal of the appeal. Appeals by permission under 28 U.S.C. § 1292(b) and appeals by allowance in bankruptcy shall be taken in the manner prescribed by Rule 5 and Rule 6, respectively.

(b) Joint or Consolidated Appeals. If two or more persons are entitled to appeal from a judgment or order of a district court and their interest are such as to make joinder practicable, they may file a joint notice of appeal, or may join in appeal after filing separate timely notices of appeal, and they may thereafter proceed on appeal as a single appellant. Appeals may be consolidated by order of the court of appeals upon its own motion or upon motion of a party, or by stipulation of the parties to the several appeals.

(c) Content of the Notice of Appeal. The notice of appeal shall specify the party or parties taking the appeal; shall designate the judgment, order or part thereof appealed from; and shall name the court to which the appeal is taken. Form 1 in the Appendix of Forms is a suggested form of a notice of appeal. An appeal shall not be dismissed for informality of form or title of the notice of the appeal.

(d) Service of the Notice of Appeal. The clerk of the district court shall serve notice of the filing of a notice of appeal by mailing a copy thereof to counsel of record of each party other than the appellant, or, if a party is not represented by counsel, to the party at his last known address; and the clerk shall transmit forthwith a copy of the notice of appeal and of the docket entries to the clerk of the court of appeals named in

the notice. When an appeal is taken by a defendant in a criminal case, the clerk shall also serve a copy of the notice of appeal upon him either by personal service or by mail addressed to him. The clerk shall note on each copy served the date on which the notice of appeal was filed. Failure of the clerk to serve notice shall not affect the validity of the appeal. Service shall be sufficient notwithstanding the death of a party or his counsel. The clerk shall note in the docket the names of the parties to whom he mails copies, with the date of mailing.

(e) Payment of Fees. Upon the filing of any separate or joint notice of appeal from the district court, the appellant shall pay to the clerk of the district court such fees as are established by statute, and also the docket fee prescribed by the Judicial Conference of the United States, the latter to be received by the clerk of the district court on behalf of the court of appeals.

As amended Apr. 30, 1979, eff. Aug. 1, 1979.

Rule 4. Appeal as of Right--When Taken.

(a) Appeals in Civil Cases.

(1) In a civil case in which an appeal is permitted by law as of right from a district court to a court of appeals the notice of appeal required by Rule 3 shall be filed with the clerk of the district court within 30 days after the date of entry of the judgment or order appealed from; but if the United States or an officer or agency thereof is a party, the notice of appeal may be filed by any party within 60 days after such entry. If a notice of appeal is mistakenly filed in the court of appeals, the clerk of the court of appeals shall note thereon the date on which it was received and transmit it to the clerk of the district court and it shall be deemed filed in the district court on the date so noted.

(2) Except as provided in (a)(4) of this Rule 4, a notice of appeal filed after the announcement of a decision or order but before the entry of the judgment or order shall be treated as filed after such entry and on the day thereof.

(3) If a timely notice of appeal is filed by a party, any other party may file a notice of appeal within 14 days after the date on which the first notice of appeal was filed, or within the time otherwise prescribed by this Rule 4(a), whichever period last expires.

(4) If a timely motion under the Federal Rules of Civil Procedure is filed in the district court by any party: (i) for judgment under Rule 50(b); (ii) under Rule 52(b) to amend or make additional findings of fact, whether or not an alteration of the judgment would be required if the motion is granted; (iii) under Rule 59 to alter or amend the judgment; or (iv) under Rule 59 for a new trial, the time for appeal for all parties shall run from the entry of the order denying a new trial or granting or denying any other such motion. A notice of appeal filed before the disposition of any of the above motions shall have no effect. A new notice of appeal must be filed within the prescribed time measured from the entry of the order disposing of the motion as provided above. No additional fees shall be required for such filing.

(5) The district court, upon a showing of excusable neglect or good cause, may extend the time for filing a notice of appeal upon motion filed not later than 30 days after the expiration of the time prescribed by this Rule 4(a). Any such motion which is filed before expiration of the prescribed time may be ex parte unless the court otherwise requires. Notice of any such motion which is filed after expiration of the prescribed time shall be given to the other parties in

accordance with local rules. No such extension shall exceed 30 days past such prescribed time or 10 days from the date of entry of the order granting the motion, whichever occurs later.

(6) A judgment or order is entered within the meaning of this Rule 4(a) when it is entered in compliance with Rules 58 and 79(a) of the Federal Rules of Civil Procedure.

(b) Appeals in Criminal Cases. In a criminal case the notice of appeal by a defendant shall be filed in the district court within 10 days after the entry of the judgment or order appealed from. A notice of appeal filed after the announcement of a decision, sentence or order but before entry of the judgment or order shall be treated as filed after such entry and on the day thereof. If a timely motion in arrest of judgment or for a new trial on any ground other than newly discovered evidence has been made, an appeal from a judgment of conviction may be taken within 10 days after the entry of an order denying the motion. A motion for new trial based on the ground of newly discovered evidence will similarly extend the time for appeal from a judgment of conviction if the motion is made before or within 10 days after entry of the judgment. When an appeal by the government is authorized by statute, the notice of appeal shall be filed in the district court within 30 days after the entry of the judgment or order appealed from. A judgment or order is entered within the meaning of this subdivision when it is entered in the criminal docket. Upon a showing of excusable neglect the district court may, before or after the time has expired, with or without motion and notice, extend the time for filing a notice of appeal for a period not to exceed 30 days from the expiration of the time otherwise prescribed by this subdivision.

As amended Apr. 30, 1979, eff. Aug. 1, 1979.

Rules of the United States Court of Appeals for the Federal Circuit:

Rule 10. Notice of Appeal; Transmittal of Certified Copy of Docket Entries or Certified List.

(a) Courts -- appeals as of right.

(1) Manner of filing; time for filing. A notice of appeal shall be filed in the manner and within the time prescribed by FRAP 4(a). If, pursuant to statute, the trial court has adopted a rule which deems a document filed on the date it is transmitted by a specified type of mail, a notice of appeal shall be deemed filed in accordance with that rule.

(2) Service of the notice of appeal; appeal information sheet; certified copy of docket entries. Upon the filing of a notice of appeal, the clerk of the trial court shall serve copies of the notice of appeal as provided by FRAP 3(d). In addition, the clerk of the trial court shall promptly transmit to the clerk of this court; (a) a copy of the notice of appeal; (b) a certified copy of the docket entries (up to and including the notice of appeal); and, (c) the Appeal Information Sheet prescribed by this court.

(3) Payment of fees. Upon the filing of any notice of appeal, the appellant shall pay to the clerk of the trial court such fees as are established by statute and also the docket fee prescribed by Rule 17 of these rules, the latter to be received by the clerk of the trial court on behalf of this court.

(b) Courts--appeals by permission.

(1) General. Appeals by permission pursuant to 28 U.S.C. 1292(d) shall be governed by FRAP 5(a), (b) and (c).

(2) Grant of permission; payment of fees; cost bond; notice of appeal unnecessary. Within 10 days after the entry of an order granting permission to

appeal, the appellant shall (a) pay to the clerk of the trial court such fees as are established by statute and the docket fees prescribed by Rule 17 of these rules, the latter to be received by the clerk of the trial court on behalf of this Court; and, (b) file a bond for costs if required pursuant to FRAP 7. A notice of appeal need not be filed.

(3) Notice to be provided by clerk of the trial court; certified copy of docket entries. The clerk of the trial court shall notify the clerk of this court of the payment of the fees specified in paragraph (b)(2) of this Rule and shall simultaneously transmit a certified copy of the docket entries and the Appeal Information Sheet to the clerk of this court.

(c) Administrative agencies.

(1) Petitioners for review; payment of fees (except Patent and Trademark Office. FRAP 15(a) shall govern appeals from administrative agencies. Upon filing of the petition for review, the petitioner shall pay to the clerk of this court such fees as are prescribed by statute and the fee prescribed by Rule 17 of these rules.

(2) Service of petition for review; certified list (except Patent and Trademark Office). FRAP 15(c) shall govern service of the petition for review. Upon service of the petition upon the agency, the agency shall promptly transmit the certified list described in FRAP 17(b) to the clerk of this court.

(3) Appeals from decision of the Patent and Trademark Office; payment of fee; notice to Commissioner; certified list. A notice of appeal from a decision of the Patent and Trademark Office, and reasons of appeal if required, shall be filed with the Commissioner of Patents and Trademarks within the time prescribed by law. The appellant shall

simultaneously transmit a copy of the notice and any reasons of appeal, together with the fee prescribed by Rule 17 of these rules, to the clerk of this court. Upon receipt of the notice and any reasons of appeal, the Commissioner shall promptly transmit to the clerk of this court a certified list as described in FRAP 17(b), which shall constitute compliance with the requirement of 35 U.S.C. 143 and 15 U.S.C. 1071(a)(3) for the transmission of a certified record to the court.

Rules of the United States Court of Appeals for the Fifth Circuit:

Rule 1. Name, Seal and Process

Name. The name of this court is "United States Court of Appeals for the Fifth Circuit."

Seal. The seal of this Court shall contain the words "United States" on the upper part of the outer edge; and the words "Court of Appeals" on the lower part of the outer edge, running from left to right; and the words "Fifth Circuit" in two lines in the center, with a dash beneath.

Writs and Process. Writs and process of this Court shall be under the seal of the Court and signed by the Clerk.

Rule 2. Sessions

Sessions of this Court shall be held in each of the states constituting the circuit at least once each year. Sessions may be scheduled at any location having adequate facilities. On motion of a party or on the court's own motion the court may reassign the hearing of any appeal to another place of sitting or time.

Rule 3. Clerk

Location. The office of the Clerk shall be maintained in the City of New Orleans, Louisiana.

Release of Original Papers. The Clerk may release original records or papers without a Court order for a limited time for purposes of printing, or upon request of a party or his counsel to facilitate preparation of a brief in a pending appeal.

Office to be Open. The office of the Clerk shall be open for business on all days except Saturdays, Sundays, New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans's Day, Thanksgiving Day, and Christmas Day.

[For other information regarding this Clerk's office, see FRAP 45 and IOP 1(b) and 4(a).]

Rule 4. Circuit Executive, Library, and Staff Attorneys.

Circuit Executive. The office of the Circuit Executive shall be maintained at New Orleans, Louisiana. The Circuit Executive shall act as Secretary of the Judicial Council of the Fifth Circuit, provide administrative support to the Court, and perform such other duties as may be assigned to him by the Judicial Council or the Chief Judge. [See also IOP 1(b).]

Library. A public library shall be maintained at New Orleans, Louisiana, which shall be open during hours fixed by the Court. Books and materials may not be removed from the library without the permission of the librarian. Other libraries may be maintained at such places in the circuit as the Court may designate. [See also IOP 1(b).]

Staff Attorneys. A central staff of attorneys shall be maintained at New Orleans, Louisiana, to perform such research and record analysis as may be from time to time assigned by the Court. [See also IOP 1(b), 3(e), and 4(g).]

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CLERK

Case No. 83-760

In The

Supreme Court of the United States

October Term, 1983

IN RE WILCO MARSH BUGGIES & DRAGLINES, INC., JOHN M. WILSON, SR., DEAN R. WILSON, and ROBERT J. WILSON, JR.

Petitioners.

BRIEF IN OPPOSITION TO PETITION FOR WRITS OF MANDAMUS AND PROHIBITION

JAMES B. GAMBRELL
B. R. PRAVEL
CHARLES C. GARVEY, JR.
PRAVEL, GAMBRELL, HEWITT, KIRK & KIMBALL

1177 West Loop South
Suite 1010
Houston, Texas 77027
(713) 850-0909

Counsel for Respondents

COCKLE PRINTING CO., 2311 Douglas St., Omaha 68102

NOTICE UNDER SUPREME COURT RULE 28.1

This brief is filed on behalf of Respondents, Huey J. Rivet, the patentee of United States Patent No. 3,842,785, Louis Woodson, the exclusive licensee under the patent, and Kori Corporation, a non-exclusive licensee under the patent, all of whom were plaintiffs in the District Court and Appellees in the Court of Appeals in the Fifth Circuit. The Kori Corporation has the following affiliates: Laine Construction Co., Inc.; Woodson Construction Co., Inc.; Loumar Construction Co., Inc. and Glaser Construction Co., Inc.

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In The

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Petitioners.

BRIEF IN OPPOSITION TO PETITION FOR WRITS OF MANDAMUS AND PROHIBITION

I. STATEMENT OF THE CASE

Respondents accept the statement of the case presented by Petitioners although two additional matters should be emphasized: First, Petitioners voluntarily filed the appeal in this case to the Court of Appeals for the Fifth Circuit and, second, both Petitioners' main brief and Plaintiffs/Appellees' brief were filed with the Court of Appeals for the Fifth Circuit before a belated motion was filed by Petitioners to transfer the appeal to the Court of

Appeals for the Federal Circuit. Subsequent to the denial of the transfer motion by the Fifth Circuit, the Petitioners herein filed their Reply Brief. A motion to strike portions of the Reply Brief for raising new issues is currently pending before the Court of Appeals for the Fifth Circuit.

II. REASONS FOR DENYING THE WRITS OF MANDAMUS AND PROHIBITION

A. The Fifth Circuit Properly Retained Jurisdiction Of This Case Because An Appeal Was Filed Prior To October 1, 1982, The Effective Date Of The Federal Courts Improvement Act Of 1982 ("1982 Act").

1. Section 403(e) Of The 1982 Act Gives Jurisdiction To The Court Of Appeals For The Fifth Circuit As An Exception To The Exclusive Jurisdiction Of The Court Of Appeals For The Federal Circuit In Patent Cases.

Respondents agree that the United States Court of Appeals for the Federal Circuit has exclusive jurisdiction of an appeal from a final decision of a District Court of the United States if the jurisdiction of the District Court was based, in whole or in part, on § 1338 of Title 28, providing the jurisdiction exception of Section 403(e) of the 1982 Act does not give jurisdiction to the Court of Appeals for the Fifth Circuit. Therefore, the issue is whether Section 403(e) of the 1982 Act is an exception to the exclusive jurisdiction of the Court of Appeals for the Federal Circuit for cases in which an appeal was filed to the Fifth Circuit (or any other regional court of appeals) prior to October 1, 1982, the effective date of the 1982 Act.

Section 403(e) of the 1982 Act reads as follows:

> "(e) Any case in which a notice of appeal has been filed in a district court of the United States prior to the effective date of this Act shall be decided by the court of appeals to which the appeal was taken."

In this case, it is undisputed that a notice of appeal was filed in the district court of the United States in early 1982, long prior to the October 1, 1982, the effective date of the 1982 Act. Therefore, under the express language of the 1982 Act, the Fifth Circuit has jurisdiction of this case.

2. The Exception Provided By Section 403(e) Of The 1982 Act Was Expressly Carved Out Of The Jurisdiction Of The Court Of Appeals For The Federal Circuit.

As the legislative history shows, the purpose of this section was to provide for "the orderly disposition of cases pending on the effective date of the bill." (A-186).

The facts in this case point up the need to provide for the orderly disposition of cases which are pending before a court of appeals at the time jurisdictional changes are made. In the present case, the Fifth Circuit had decided the issues of validity and infringement of the patent in suit. The issues presented on appeal after October 1, 1982 were the issues of damages, increased damages and attorney fees which were potentially implicated with the facts previously considered by the Fifth Circuit. As the Fifth Circuit recognized, there was a potential implication of those issues with the issues previously presented on appeal to the Fifth Circuit. For the Court of Appeals for the Federal Circuit to review this case which has already been reviewed and decided by the Fifth Circuit Court of

Appeals on the underlying substantive issues would result in an unnecessary waste of judicial time and certainly cannot be construed to be an "orderly disposition" of the case. The Fifth Circuit therefore properly construed Section 403(e) as applicable to the facts of this case.

3. Contrary To Petitioners' Position, The Legislative History Indicates That The Jurisdiction Of The Court Of Appeals For The Federal Circuit Was To Be Strictly Construed.

As stated in the House of Representatives Report No. 97-312 of the 97th Congress, First Session, which commented on the legislative Bill H.R. 4482, which became the Federal Courts Improvement Act of 1982 (P.L. 97-164), the amendment to § 1291 of Title 28, United States Code, was to make it "perfectly clear that the new court is a court of limited jurisdiction." (p. 39; A-175). Further, the report states on page 40 (A-176) as follows:

> "Before discussing the court's jurisdiction, it bears repetition here that the Federal courts are courts of limited jurisdiction. There is never a presumption in favor of jurisdiction, and the basis for that jurisdiction always must be affirmatively shown. It is not sufficient that jurisdiction merely be inferred argumentatively."

And that comment was followed on the next page of the report, page 41 (A-177) with the following statement:

> "Fears have been expressed that the Court of Appeals for the Federal Circuit will appropriate for itself large elements of Federal law under its section 1295 (a) (1) grant of jurisdiction."

Petitioners' brief makes it appear that it is the regional courts of appeals that have limited jurisdiction vis-a-vis the Court of Appeals for the Federal Circuit,

whereas it is clear from the legislative history that it is the Court of Appeals for the Federal Circuit which has the limited jurisdiction—only to the extent specified in the statute.

A statutory exception of Section 403(e) of the 1982 Act was to permit the disposition of cases in orderly fashion in the regional courts of appeals rather than transferring all cases to the Court of Appeals for the Federal Circuit.

4. Although Congress Had The Objective In The 1982 Act Of Eliminating Forum Shopping, That Objective Is Not Affected By The Exception Provided In Section 403(e) Of The 1982 Act.

Petitioners stress the fact that the 1982 Act was to eliminate forum shopping in patent cases, yet the Petitioners are seeking to use the 1982 Act to allow it to forum shop as between the Fifth Circuit and the Court of Appeals for the Federal Circuit.

Respondents agree that the elimination of forum shopping was a major objective in establishing the Court of Appeals for the Federal Circuit with exclusive jurisdiction of patent appeals under Title 28 U. S. C. § 1338. However, the exception provided by Section 403(e) of the 1982 Act does not in any sense permit forum shopping inasmuch as all of the cases that are covered by Section 403(e) have already been filed and were pending on appeal in the regional courts of appeal by the effective date of the 1982 Act. Therefore, the objective of the 1982 Act to eliminate forum shopping at the District Court level has no bearing on the limited exception provided by Section 403(e) of the 1982 Act. However, to permit the Petitioners' writ

to issue would permit them to shop the forum to hear its appeal. To permit this reverse form of forum shopping by Petitioners based on a too liberal view of the 1982 Court Improvement Act would be the ultimate wrong considering the fact that the undesirability of forum shopping motivated Congress to transfer jurisdiction over patent appeals to the Court of Appeals for the Federal Circuit.

B. Petitioners Have Not Cited Any Case In Which There Was A Jurisdictional Challenge Where The Court Of Appeals For The Federal Circuit Has Taken Jurisdiction In The Damages Phase Of A Case After A Regional Court Of Appeals Had Decided Closely Related Validity And Infringement Issues.

Petitioners have cited cases in which the Court of Appeals for the Federal Circuit has taken jurisdiction after October 1, 1982 in the damages phase of a case after a regional court of appeals had decided the validity and infringement issues, but Petitioners have not shown that any of those cases had any jurisdictional challenge by any party or any court of appeals.

Even if the Court of Appeals for the Federal Circuit did not have subject matter jurisdiction in those cases, that does not mean that the judgments are defective. See, for example, Wright, Miller & Cooper, Federal Practict & Procedure, Ch. 13, § 4428, where it is stated:

> "Today, it is safe to conclude that most federal court judgments are res judicata notwithstanding a lack of subject matter jurisdiction." (page 272)
>
> "Res judicata policies are commonly thought to be strongest if the jurisdictional question was actually

> litigated and resolved. There may not be much diminution in the importance of res judicata, however, if the case was litigated on the merits without any jurisdictional objection. It could even be urged that res judicata policies weigh more heavily against a party who has bypassed an available opportunity to raise the jurisdictional issue." (page 276)

There is nothing to indicate that the Court of Appeals for the Federal Circuit considered the jurisdictional exception in Section 403(e) of the 1982 Act.

Petitioners have cited no instance in which the Court of Appeals for the Federal Circuit was asked to focus on Section 403(e) of the 1982 Act, and Respondents have not found any such focus by the Court of Appeals for the Federal Circuit. Therefore, the mere fact that the Court of Appeals for the Federal Circuit has taken jurisdiction of some damage cases does not mean that jurisdiction in this case is properly with that court.

On the other hand, the Court of Appeals for the Fifth Circuit has squarely addressed the issue in this case because Petitioners brought that issue to the attention of the Court of Appeals for the Fifth Circuit. The Court of Appeals for the Fifth Circuit recognized that the orderly disposition of the present case mandated a retention of the case under Section 403(e). In view of the legislative history which provided the exception in Section 403(e), the proper interpretation of that Section would permit jurisdiction in the regional Court of Appeals such as the Fifth Circuit where the issues decided on the first appeal were intertwined with the issues on the second appeal in a bifurcated trial at the District Court level.

C. Since The Court Of Appeals For The Fifth Circuit Has Jurisdiction In This Case, There Is No Basis For The Transfer Of This Case To The Court Of Appeals For The Federal Circuit.

One of the three requirements for the transfer of a case under 28 U. S. C. § 1631 (1982) is that the court "finds that there is a want of jurisdiction." The Fifth Circuit Court of Appeals has found in this case that there is not a want of jurisdiction but, to the contrary, the Court of Appeals for the Fifth Circuit has jurisdiction under Section 403(e) of the 1982 Act. Since the Fifth Circuit Court of Appeals has jurisdiction of this case, there is no need to consider the other two requirements of Section 1631.

III. CONCLUSION

The Court of Appeals for the Fifth Circuit properly retained jurisdiction of this case under Section 403(e) of the 1982 Act, which is an exception to the Federal Courts Improvement Act of 1982. As indicated by the legislative history, that exception to the exclusive jurisdiction of the Court of Appeals for the Federal Circuit in patent cases was provided for the "orderly disposition of cases" in which "a notice of appeal" had been filed in the regional Court of Appeals before the effective date of the 1982 Act.

Since the Court of Appeals for the Federal Circuit has jurisdiction of the present case under Section 403(e)

of the 1982 Act, the motion to transfer the case is not proper under 28 U. S. C. § 1631.

Therefore, Respondents submit that the Writs of Mandamus and Prohibition sought by Petitioners should be denied.

Respectfully submitted,

JAMES B. GAMBRELL
B. R. PRAVEL
CHARLES C. GARVEY, JR.
PRAVEL, GAMBRELL, HEWITT, KIRK & KIMBALL

1177 West Loop South
Suite 1010
Houston, Texas 77027
(713) 850-0909

Attorneys for Respondents

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Case No. 83-760

Supreme Court of the United States

OCTOBER TERM 1983

In re WILCO MARSH BUGGIES & DRAGLINES, INC., JOHN M. WILSON, SR., DEAN R. WILSON, AND ROBERT J. WILSON, JR.,

Petitioners.

ON PETITION FOR ISSUANCE OF WRITS OF MANDAMUS AND PROHIBITION TO REQUIRE THE JUDGES OF THE COURT OF APPEALS FOR THE FIFTH CIRCUIT TO STAY WITHIN THE CONFINES OF THEIR APPELLATE JURISDICTION AND TRANSFER APPEAL NO. 82-3619 TO THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT.

PETITIONERS' REPLY TO RESPONDENTS' OPPOSITION TO PETITION FOR WRITS OF MANDAMUS AND PROHIBITION

NED L. CONLEY
JEFFREY W. TAYON
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195

Counsel for Petitioners

Of Counsel:

BUTLER & BINION
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3111

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Case No. 83-760

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PETITIONERS' REPLY TO RESPONDENTS' OPPOSITION TO PETITION FOR WRITS OF MANDAMUS AND PROHIBITION

I.

A SPLIT OF DECISIONS BETWEEN THE CIRCUITS: THE CAFC HAS ANNOUNCED THAT IT HAS JURISDICTION

Subsection II E. of Petitioners' main brief entitled "Adverse Impact on Pending and Decided Cases" details a number of cases on appeal to the United States Court of Appeals for the Federal Circuit (hereinafter "CAFC") which, for purposes of jurisdiction, are similar to Appeal No. 82-3619. Appeal No. 82-3619 is, of course, the appellate case which Petitioners seek to

have transferred to the CAFC from the United States Court of Appeals for the Fifth Circuit (hereinafter "Fifth Circuit"). Of the CAFC cases discussed in Subsection II E were four cases which, for purposes of jurisdiction, were identical to Appeal No. 82-3619.[1] Each of those four appellate cases was an appeal to the CAFC noticed after October 1, 1982, from a district court decision awarding damages for patent infringement. In each instance, the proceedings had been bifurcated and a previous decision holding the patents valid and infringed had been rendered by a regional circuit court of appeals in an appellate case in which a notice of appeal was filed sometime prior to October 1, 1982.

Respondents have criticized Petitioners' reference to those cases on the basis that none of the CAFC opinions expressly refer to the question of jurisdiction. However, one of those four CAFC cases was *Central Soya Co.* v. *Geo. A. Hormel & Co.*, CAFC Appeal No. 83-978. When Petitioners' brief was filed, that case had not yet been decided by the CAFC. On December 27, 1983, the CAFC rendered its decision and *sua sponte* announced that it possessed the necessary jurisdiction to do so. At page 13 of the slip opinion, the CAFC stated:

> Procedurally, we note why this appeal did not return to the Tenth Circuit. This case was bifurcated as between liability and damages. The first appeal took place prior to October 1, 1982, the effective date of the law establishing this court. *Federal Courts Improvement Act of 1982*, Pub. L. 97-164, 96 Stat. §§ 402, 403(e). The present appeal, on damages,

---

[1] Of the four, three appeals were decided by the CAFC and include *Bandag, Inc.* v. *Gerrard Tire Co.*, 704 F.2d 1578, 217 U.S.P.Q. 977 (CAFC 1983); *Lam, Inc.* v. *Johns-Manville Corp.* (CAFC Appeal No. 83-776; Slip opinion dated September 30, 1983); and *Hanson* v. *Alpine Valley Ski Area, Inc.* (CAFC Appeal No. 83-586; Slip opinion dated October 6, 1983). The fourth appeal pending before the CAFC was *Central Soya Co.* v. *Geo. A. Hormel & Co.* (CAFC Appeal No. 83-978).

was filed after the effective date. Thus, we now have exclusive subject matter jurisdiction of the case. *Id.*, § 127(a), amending 28 USC 1295.

A direct conflict between the CAFC and the Fifth Circuit now expressly exists. This conflict is centered on the fundamental question of which of two possible appellate tribunals has subject matter jurisdiction of a patent appeal filed after October 1, 1982. Petitioners agree with the simple and straightforward position taken by the CAFC and respectfully request that this Court adopt the CAFC's position and order Appeal No. 82-3619 transferred to the CAFC.

II.

FORUM SHOPPING WILL BE ELIMINATED BY THE CAFC POSITION BUT CONTINUE UNDER THE FIFTH CIRCUIT POSITION

Respondents suggest that Petitioners are forum shopping between the Fifth Circuit and the CAFC, and that the Fifth Circuit decision will somehow eliminate forum shopping "inasmuch as all of the cases which are covered by Section 403(e) have already been filed and were pending on appeal in the regional courts of appeal by the effective date of the 1982 Act." (Respondents' Brief, page 5). Petitioners disagree.

At the outset, let there be no mistake. In every instance, the appeal in issue, such as Appeal No. 82-3619, is a second or subsequent appeal in which the notice of appeal was filed after October 1, 1982, the effective date of the 1982 Act. Petitioners are not seeking to transfer any appellate case or suggesting that any such case could be transferred in which the notice of appeal for the appeal in issue was filed before October 1, 1982.

One of Congress' stated objectives in enacting the 1982 Act was the elimination of forum shopping in patent appeals. By adopting the CAFC's position, this objective will be accomplished. The only question to be answered in determining the

proper appellate forum is whether the notice of appeal for the appeal in issue was filed after October 1, 1982. If so, then the CAFC has exclusive jurisdiction. *See* Section 402. If not, then the respective regional circuit court of appeals has exclusive jurisdiction. *See* Section 403(e).

However, if the Fifth Circuit's position is adopted, then the potential appellant will be in a position to forum shop between the CAFC and a regional circuit court of appeals where a first notice of appeal was filed prior to October 1, 1982 though not presently in issue. Applying the Fifth Circuit's position, a regional circuit court of appeals retains jurisdiction if a prior appeal (though not the one in issue) in which a first notice of appeal was filed before October 1, 1982 decided "controlling issues" or if the "scope" of that prior appellate decision would "potentially" be implicated in a second or subsequent appeal filed after October 1, 1982, or if the second or subsequent appeal is part of the same "judicial unit" as the prior appellate decision.

On the basis of the Fifth Circuit's decision, forum shopping opportunities would only be limited by the ingenuity of the potential appellant's counsel. If counsel for the potential appellant believed that a regional appellate court would be more favorable to his position, then, following the Fifth Circuit's analysis, counsel would characterize his arguments to implicate "controlling issues" or the "scope" of a prior appellate decision by that regional circuit court. If counsel for the potential appellant believed that the CAFC would accord more favorable treatment, then counsel would characterize his arguments so as not to implicate previously determined "controlling issues" or the "scope" of a prior appellate court decision or avoid raising arguments which would so implicate a prior regional appellate court decision. However, by adopting Petitioners' and the CAFC's position, all such forum shopping would come to an end as of October 1, 1982 as intended by Congress. As indicated, applying Petitioners' and the CAFC's position, the only inquiry which

determines the proper forum for review is when the notice of appeal is filed. If, as here, the notice of appeal is filed after October 1, 1982, then, regardless of any prior appeals, the appeal in issue falls within the exclusive jurisdiction of the CAFC.

III.

ADVERSE IMPACT ON PENDING AND DECIDED CASES REVISITED: THE CAFC SUSPENDS ONE APPEAL PENDING OUTCOME OF THIS COURT'S DECISION

In Section II E of the main brief, Petitioners refer to the many pending and decided cases which will be affected by resolution of the jurisdictional question presented to this Court. In addition to those recited, two other cases have been brought to the attention of Petitioners' counsel. The first is *Williams Patent Crusher & Pulverizer Co.* v. *Saturn Manufacturing, Inc.*, CAFC Appeal No. 84-733 docketed January 4, 1984. In that case, the United States Court of Appeals for the Eighth Circuit (hereinafter "Eighth Circuit") in a decision dated July 27, 1983, affirmed the district court's judgment entered after a jury trial finding the patent in issue valid and infringed and assessing damages in the amount of $115,000.00, but, under authority of this Court's decision in *General Motors Corp.* v. *Devex*, ... U.S. ...., 76 L.Ed.2d 211 (1983), reversed that district court's refusal to award prejudgment interest or increase damages under 35 U.S.C. §284 and remanded "for further consideration under the standards announced in *Devex*." *Saturn Manufacturing, Inc.* v. *Williams Patent Crusher & Pulverizer Co., et al.*, Eighth Circuit Appeal Nos. 81-2390, 2442, Slip opinion dated July 27, 1983, at 20. On remand, the district court, in a decision dated December 6, 1983, awarded prejudgment interest and treble damages. Thereafter, Williams Patent Crusher & Pulverizer Co. et al. appealed to the CAFC. Counsel for appellee before the CAFC has indicated an intention to file a motion to transfer

CAFC Appeal No. 84-733 to the Eighth Circuit. If the Fifth Circuit's view of jurisdiction is correct, then the CAFC does not have jurisdiction.

The second case is *Devex* v. *General Motors Corp.*, CAFC Appeal Nos. 84-524, 544 and 580, and United States Court of Appeals for the Third Circuit (hereinafter "Third Circuit") Appeal Nos. 83-1770, 1771 and 1779, and 84-5003 and 5011. This, of course, is a continuation of the same *Devex* case cited above which was decided by this Court on May 24, 1983, with regard to the question of prejudgment interest under 35 U.S.C. §284. On remand, the district court, pursuant to instructions from the Third Circuit, also awarded post-judgment interest. Appellant and appellee disagree with the amount of post-judgment interest awarded and the method of calculating that interest. Out of an abundance of caution, the *Devex* appellants have filed notices of appeal with both the CAFC and the Third Circuit and sought stays of both appeals. The CAFC has suspended all proceedings pending the outcome of this Court's decision on the present petition.

As is apparent from the litany of cases cited by Petitioners in their main brief and in this reply, resolution of the jurisdictional issue presented to this Court is essential to the orderly disposition of numerous appellate cases which are now pending or may be pending in the near future.

IV.

CONCLUSION: CONFLICT BETWEEN THE CIRCUITS SHOULD BE RESOLVED IN FAVOR OF THE POSITION ADOPTED BY THE CAFC AND REQUESTED BY PETITIONERS

A conflict between the circuit courts of appeals now exists. Petitioners respectfully request that this conflict be resolved in favor of the position taken by the CAFC and that this Court direct the Fifth Circuit to transfer Appeal No. 82-3619 to the CAFC pursuant to the terms of 28 U.S.C. §1631.

Respectfully submitted,

NED L. CONLEY
JEFFREY W. TAYON
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3195

Counsel for Petitioners,
WILCO MARSH BUGGIES & DRAGLINES, INC.,
JOHN M. WILSON, SR.,
DEAN R. WILSON, AND
ROBERT J. WILSON, JR.

Of Counsel:

BUTLER & BINION
Allied Bank Plaza
Houston, Texas 77002
(713) 237-3111

CERTIFICATE OF SERVICE

I certify that three true and correct copies of the foregoing Petition and Brief on Behalf of Petitioners have been forwarded by depositing the same with the United States Postal Service for delivery by first class mail on this ..... day of January, 1984, to all necessary parties to this proceeding, including the following:

Solicitor General
Department of Justice
Washington, D.C. 20530

The Honorable Judge Rubin
United States Court of Appeals
for the Fifth Circuit
600 Camp Street
New Orleans, Louisiana 70130

The Honorable Judge Garwood
United States Court of Appeals
for the Fifth Circuit
600 Camp Street
New Orleans, Louisiana 70130

The Honorable Judge Jolly
United States Court of Appeals
for the Fifth Circuit
600 Camp Street
New Orleans, Louisiana 70130

Mr. James Gambrell
Pravel, Gambrell, Hewitt, Kirk
& Kimball
1177 West Loop South, Suite 1010
Houston, Texas 77027
Attorney of Record for Respondents,
Kori Corporation, Huey Rivet and
Louis Woodson

.....
NED L. CONLEY

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